FINANCIAL TIMES

PUBLISHED IN LONDON AND FRANKFURT

No. 28,103 Tuesday February 26 1980 ***20p

CONTINENTAL SELLING PRICES: AUSTRIA Sch 15; BELGIUM Fr 25; DENMARK Kr 4.25; FRANCE Fr 4; GERMANY DM 2.0; ITALY L 700; NETHERLANDS Fl 2.0; NORWAY Kr 4.25; PORTUGAL Esc 35; SPAIN Pta 70; SWEDEN Kr 3.75; SWITZERLAND Fr 2.0; EIRE 20p; MALTA 20c

NEWS SUMMARY

GENERAL

Soviets stick to Afghan pledge

The Soviet Union yesterday reaffirmed its determination to use troops to defend the regime in Afghanistan from what it now suggests is a major challenge by the West.

Tass, the Soviet news agency, said the Moscow-backed Government in Kabul was threatened with "outright terror and violence." *A despatch from the* city said the "most reactionary forces of the world" had teamed up to attack Afghanistan.

Western reports said the capital remained tense and unsettled. **Back Page**

Jenkin ruling

Social Services Secretary Patrick Jenkin will make a statement to the Commons today about a High Court ruling yesterday that he was wrong to strip a London health authority of its powers for refusing to make spending cuts. **Back Page**

Runcie installed

The Right Rev. Robert Runcie took office as Archbishop of Canterbury in a simple ceremony in the crypt of St. Paul's Cathedral, London. **Picture Page 8**

Zipra move

An important step towards integration in Rhodesia came as 650 members of Joshua Nkomo's Zipra guerrillas reported for retraining as conventional soldiers near a base of the Rhodesian Government forces. **Pattern for peace, Page 6**

Soccer jailings

Two soccer fans were jailed and 14 others fined a total of £4,850 by Bristol magistrates after "scenes of mindless violence" at Saturday's match between Chelsea and Bristol Rovers.

IRA hold home

A mother and her two daughters, aged 16 and 22, were held at their home in West Belfast for 12 hours by the IRA while an abortive attack on a British army patrol was set up.

Surinam coup

Part of the army of the former Dutch colony of Surinam, South America, staged a coup after the Government's refusal to recognise a soldiers' trade union. **Page 4**

Case dismissed

Hatfield magistrates dismissed a case against Detective Chief Inspector Philip Culbbert, who was arrested last November in connection with the Operation Countryman investigation into police corruption.

Multiple crash

Fog and ice caused a 50-vehicle pile-up on the A31 at the Hog's Back, Surrey.

Lost in space

Japanese ground control lost contact with a $56m experimental communications satellite launched on Friday. The satellite, Ayame Two, was sent into orbit to replace Ayame One, with which contact was lost a year ago.

Briefly . . .

China's senior Vice-Premier Deng Xiaoping stepped down as chief of staff of the armed forces in a move seen as a delegation of duties.

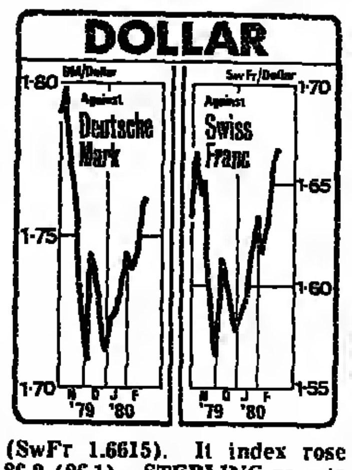
Conservation group Greenpeace announced a campaign to fight the culling of 180,000 seals in Canada this year.

A Zeppelin bomb, which had been in an outbuilding at a Lincolnshire stately home since the First World War, was made safe by an army bomb disposal team.

BUSINESS

$ and £ strong; Gilts firmer

● **DOLLAR** was *firm on the* attraction of high interest rates closing at its highest since last November against the mark and Swiss Franc at DM 1.7615 (DM 1.7585) and SwFr 1.6690 (SwFr 1.6615). It index rose 86.2 (86.1). **STERLING** rose to $2.2770 ($2.2760) with its rise possibly restrained by the Bank of England. Its index was 72.9 (72.8).



● **GILTS** were resilient despite the Government's new 14 per cent 1996 tap issue of £800m and longs registered rises extending to ¾. Shorts rallied to end about ⅛ up on balance, despite U.S. interest rates and a shortage of credit.

● **EQUITIES** were uncertain on continuing labour disputes, but early losses were reduced later and the FT 30-share index ended only 0.5 lower at 453.7. The Gold Mines index slipped 6.9 to 341.5 but oil shares were firm.

● **GOLD** fell $2 an ounce at $627.50 in London.

● **WALL STREET** was 7.51 *lower at 861.26 shortly before the close.*

● **SHARP BUT SHORT** recession is forecast for Britain by an organisation of economic experts, followed by a strong recovery in 1982. **Page 7**

● **NATIONAL** Enterprise Board has agreed to consider the £19.5m cash offer for Fairey Holdings, its subsidiary, made by Hambros Bank. **Back and Page 8**

● **COAL BOARD** is expected to receive a package of financial assistance from the Government soon, including relief on its interest burden. **Page 8**

● **DENMARK'S** current account deficit almost doubled last year to a record DKr 15.6bn (£1.25bn) against DKr 8.2bn *(£655m) in 1978.* **Page 2**

LABOUR

● **PAY OFFER** for power workers, being prepared by a joint electricity supply industry working party, was expected by the unions to be in the region of 17-20 per cent. **Page 10**

COMPANIES

● **SHAREHOLDERS** of Union Corporation, in which General Mining owns a 51.7 per cent stake, will vote at a meeting in Johannesburg next month on a full £208.5m merger which would create a major South African mining, financial and industrial group. **Page 26 and Lex Back Page**

● **YULE CATTO** pre-tax surplus *for the* year to October 27, 1979, was £3.39 (£2.8m) with turnover up to £21.29m (£12.74m) but second half profits were static. **Page 24**

● **WARD HOLDINGS**, the property developer, reports taxable profits in the year to October 31, 1979, of a record £2.3m (£1.24m). **Page 24**

● **KOMATSU** of Japan, the machinery manufacturer, reports operating profits for 1979 up 37.6 per cent to Y46.79bn (£83.2m) and net profits ahead 27.4 per cent at Y20.24bn (£36m). **Page 29**

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES:			
Treasury 9¼pc 1983	£86⅞	+	1/16
Treasury 14pc '98-01	£97¾	+	⅜
Bambers	90	+	10
Bowring (C. T.)	136	+	5
Burgess Products 'A'	54	+	10
Commercial Union	140	+	5
Glaxo	248	+	6
London & Midland	111	+	7
London Shop Prop.	86	+	3
Mallinson-Denny	63	+	4½
May & Hassell	95	+	6
Meyer (Mont. L.)	112	+	9
Midland Bank	370	+	8
Plessey	141	+	5
Ransome Sims	137	+	24
Sidlaw	111	+	5
Sirdar	106	+	7
Sothebys	502	+	7
Ward Holdings	65	+	3
Aran Energy	422	+	50
Burmah Oil	249	+	14
Viking Oil	880	+	70
Pacific Copper	212	+	8
Silvermines	137	+	9
FALLS:			
Milford Docks	135	−	7
Muirhead	198	−	7
Ashton Mining	147	−	9
Conzinc Riotinto	285	−	35
EZ Inds.	355	−	20
Gem Exploration	34	−	5
Haoma Gold	38	−	5
Leichhard Exploration	465	−	100
Leichhard Exploration	465	−	100
MIM Holdings	260	−	20
Magnet Metals	47	−	6
Northern Mining	124	−	12
Otter Exploration	110	−	10
Samantha Expln.	123	−	19
Seltrust 'A'	208	−	16
Unisel	472	−	21
Western Mining	230	−	10

Steel union moves to stop 'ballot about strike ballot'

By Our Industrial & Labour Staff

Leaders of the main steel union reacted angrily last night to the revolt by some of its members *in the private sector* and to the British Steel Corporation's plan for a ballot of the union's members on strike.

The Iron and Steel Trades Confederation national executive committee decided to reinforce its eight-week strike against the corporation. It was considering how to block the ballot that BSC wants to conduct to discover whether steel workers want to take part in a second ballot, probably organised by the TUC, on the pay offer.

The idea of a ballot about a ballot was conceived by BSC as a way out of the impasse after it failed to secure agreement of the unions to go to arbitration, a route still favoured by Mr. Bob Scholey, BSC chief executive.

Mr. Bill Sirs, ISTC general secretary, said that the strikers should ignore the ballot. But he admitted that a number of his members would reply to it.

The result would be inconclusive, he declared, since there would not be a majority voting.

It was an abuse of negotiating procedure since the union was still in exploratory talks with BSC and the decision to call a ballot could set back progress towards a settlement.

At its meeting last night, the union's 21-man executive decided not to lift the sympathetic strike in the private sector, despite the anxiety of many members who fear for their jobs.

It has decided to bring delegates representing the private sector to London on Friday to review the position, but to exclude those from companies like Sheerness Iron and Steel and Hadfields, where the sympathetic strike call has been disobeyed.

The executive decided to discipline the union's 600 members at Sheerness Iron and Steel. They have seven days in which to comply with the union's strike instruction before being expelled from the union. Mr. Sirs said that action had been taken *against the Sheerness workers* because they had consistently defied the union.

The men at Hadfields walked out two weeks ago, after a massive picket, overturning a previous decision to carry on working. Yesterday, in accordance with the vote at Sunday's mass meeting, the men *turned* up again for work.

They were met by only a handful of pickets who were more than outnumbered by police.

The resumption of work at Hadfields, one of Sheffield's biggest plants, seems likely to be followed by other private plants in the area.

Another mass meeting is due today at Firth Brown by men belonging to the Confederation of Shipbuilding and Engineering Unions to consider whether to agree to a resumption of work.

Also in Sheffield, production has been resumed at Templeborough Rolling Mills, and *further mass meetings at other* private plants are expected in the next few days.

In Manchester men at Manchester Steel decided on resumption of work.

In *the West Midlands about* 2,000 workers at the Round Oak Steel plant, owned jointly by *BSC and Tube Investments*, crossed picket lines.

Mr. Mick Leahy, ISTC Midlands divisional organiser, said several hundred pickets would be mounted at Round Oak today to halt the plant.

If steelworkers failed to halt

Continued on Back Page

Parliament and Labour backs import controls, Page 10

Unions could put funds at risk, warns Premier

BY RICHARD EVANS, LOBBY EDITOR

THE PRIME MINISTER, warned trades unions last night that if they do not accept the Government's proposals curbing union power they could face *further* legislation including the possible seizure of their funds.

In a forceful television interview, Mrs. Thatcher insisted that despite the relatively cautious approach adopted by the Cabinet after lengthy argument she was determined to fulfil Conservative election manifesto pledges on the trades unions before the next election.

In addition, she gave Mr. James Prior, the Employment Secretary, what amounted to a public dressing down; maintained a very firm line on Government non-intervention in the steel strike; and warned the Common Market that Britain could prove an awkward partner if the budget imbalance was not corrected.

With the Government facing its first motion of no confidence in the Commons on Thursday Mrs. Thatcher appealed for loyalty from her Ministers and sought to show that she was determined to maintain the Government's economic strategy.

Speaking on BBC Television's Panorama programme, she said the Government's purpose was to limit the harm inflicted on innocent people by union action, and this was why Mr. Prior's consultative document on union immunities had been published.

"I hope everyone will look at it and if the immunities are too wide I hope they will say so. By the time of the next General Election we have got to have fulfilled our election commitments," she declared.

Under Mr. Prior's proposals an injunction could be taken out by an employer against a named person if there was thought to be unreasonable secondary blacking. The assumption by Ministers is that unions would accept responsibility if an official was found guilty.

The Prime Minister accepted that what had to be avoided was the sending to prison of trade unionists and the present assumption was that this would not happen.

"But if the proposals do not work I would say let us go for trade union funds," she warned.

Mrs. Thatcher strongly denied that she had shown herself to be weak by not dismissing Mr. Prior for his reported comments on the need to replace Sir Charles Villiers as chairman of the British Steel Corporation. She said Mr. Prior was "very, very sorry," and added . . . "you don't just sack a chap for one mistake."

Mrs. Thatcher insisted that in her view there was no question of exceeding the £450m of taxpayers' money to be paid to BSC and no question of transferring any cash from the redundancy fund to increase the pay offer.

Action on shoe imports urged

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

THE FOOTWEAR industry, with more than 10,000 workers on short time and mounting redundancies, is calling for urgent Government action against imports.

Imports, rising in the wake of sterling's strength, took a record 45.5 per cent share of the UK market last year and pushed domestic output down to the lowest for 25 years at around 150m pairs. More than 800 jobs have been lost in recent weeks and the trend is expected to continue. The East Midlands has been hit harder than other footwear manufacturing areas such as Norfolk, Somerset and the North-West.

A deputation representing retailers, manufacturers and the trade unions will press their case in a meeting tomorrow with *Mr. David Mitchell*, Under-Secretary of Industry.

Mr. Spencer Crookenden, *chairman* of the Footwear Economic Development Committee ("Little Neddy"), said last night that the industry was under threat and needed quick action by the Government.

Imports have risen especially from Italy, France, Spain, Portugal and Brazil. The industry wants immediate restrictions on shoes imported from Brazil, Poland and Czechoslovakia, because they are alleged to be unfairly priced.

Mr. Crookenden said the "Little Neddy" was concerned that too little was being done by the Government to bring about greater fairness in world trade in footwear. More than 75 per cent of the world's markets were protected by significant *tariff* barriers, quotas or other restrictions.

Restrictions against unfairly priced imports might serve as a *warning to* other countries that the Government was intent upon achieving fair trade, Mr. Crookenden said.

Feeling the pinch, Page 7

CONTENTS

For latest Share Index phone 01-246 8026

Concern over weakening yen

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

CONCERN about the new weakness of the yen is mounting within the Japanese Government. If the rate declines below the level of 1 dollar to Y250—compared with yesterday's London close of Y248.30—emergency measures to prop up the yen could well be introduced.

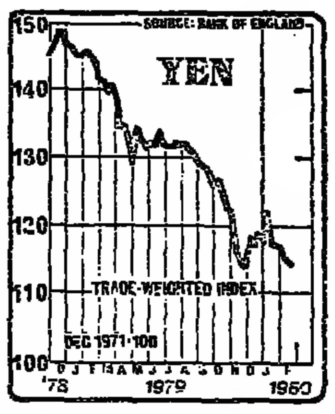
The yen hit a low point of 251.30 to the dollar in November last year as Japan's international balance of payments deteriorated sharply under the impact of higher oil prices. It then recovered towards the 230 level at about the turn of the year.

The renewed weakness—set in over the past 10 days—is put down to the realisation that Japan is not yet within sight of real recovery in its external payments. The January deficit though partly for seasonal reasons, was an all-time record.

Another factor which has undermined recovery is the movement, or anticipated movement, of overseas interest rates. A 1 per cent increase in the U.S. Federal Reserve's discount rate, from 12 to 13 per cent, was followed swiftly early last week

Continued on Back Page

Money markets, Page 31



Carter talks on inflation

BY DAVID BUCHAN IN WASHINGTON

PRESIDENT Jimmy Carter is undertaking an urgent review of his faltering economic programme in an effort to curb inflation. U.S. consumer prices last month were 13.9 per cent higher than in January 1979.

The urgency of the political problem this poses for the President in an election year was underscored by a sudden two-hour economic strategy session he convened with top advisers at the White House on Sunday night.

Mr. Paul Volcker, the Federal Reserve chairman, warned Congress yesterday: "If we just sit here, the (inflation) rate is going to go on moving up."

But Mr. Volcker told the Senate Banking Committee that the Fed had set monetary policy on the right restrictive course by recently raising its discount rate to 13 per cent and aiming at a lower money supply growth rate for 1980. "Decisive action," he said, was now needed, but it should come in the form of tighter *fiscal* and budgetary policy and through curbing America's appetite for foreign oil.

The Fed chairman thereby put the onus for fresh anti-inflation *moves squarely on the Carter* Administration. The Fed would seek to stick to its policies without deviation, and Mr. Volcker suggested these policies would bite the harder because both inflation and business activity in the U.S. seemed to be surging again.

Bank loans to business rose 20 per cent in January, a rate somewhat exaggerated, Mr. Volcker pointed out, by one very big credit to Shell to take over another oil company. But the loan pace was continuing this month too, he added.

Time is pressing on the Carter Administration for the preparation of any additional counter-inflation measures, both because the season of presidential primary *elections* is upon it, and because experience shows that once obvious moves, such as mandatory wage price or credit controls, start being discussed business and labour begin to anticipate them by increasing credit lines or wage demands.

The Administration has consistently ruled out a wage and price freeze or mandatory control, partly for the very reason that Senator Edward Kennedy, Mr. Carter's main Democratic rival, is loudly in favour. Yesterday Mr. Volcker gave such an idea *little credence*.

But a small but growing number of influential Congressmen, *such* as *Mr. Henry Reuss*, chairman of the House Banking Committee, and economists have in *recent* days given qualified support for economic controls of this type.

Direct credit controls have at least one supporter in the White House, Mr. Alfred Kahn, the President's anti-inflation adviser, who has more or less conceded publicly the failure of present policies and pushed the need for fresh moves.

Last Friday's bad inflation news, revealing a 1.4 per cent jump in consumer prices between December and January, the biggest monthly jump for six years, may have swung more Administration officials to Mr. Kahn's support.

But Mr. Volcker declared yesterday he was not an enthusiast for credit controls, making clear he preferred the Fed to stay out of the business of rationing or allocating credit by administrative fiat

The advantage of credit controls for Mr. Carter, who must now feel the political need to be seen to be taking new anti-inflation measures, is that he can request the Federal Reserve to impose them under the 1969 Credit Control Act.

Wage and price controls, by contrast, need Congressional sanction.

U.S. elections, Pages 4 and 23

Pretoria to mint half Krugerrand

By Quentin Peel in Johannesburg

SOUTH AFRICA is to sell a new gold coin worth half the price of the highly successful Krugerrand.

Senator Owen Horwood, the Minister of Finance, told *Parliament* in *Cape Town* yesterday that the new coin was aimed at buyers who *found the Krugerrand too* expensive following the rise in the price of gold.

In London yesterday Krugerrands were selling at £280.

Demand for smaller coins was increasing in Europe, America and the Far East, the Minister said. "If we do not supply that demand soon, we will lose our lion's share of the market."

Mr. Horwood said the new coin should be available toward the end of the year.

The decision to produce it followed pressure from the South African Chamber of Mines after recent sales of Krugerrands slumped because of the soaring price *of gold*.

The Chamber said that sales of Krugerrands fell from 687,000 in December to 280,000 in January, both in response to the higher bullion price and introduction of a tax on sales in West Germany.

Mr. Horwood announced further relaxation in exchange controls because of the gold price rise, which has given South Africa a large trade surplus.

The credit limit for South African banks' financing exports is to be extended from six to 12 months.

South African emigrants can transfer all their earnings abroad. Previously emigrants could transfer only R100,000 (£53,333) a family.

£ in New York

—	Feb. 22	Previous
Spot	$2.2660-2680	$2.2862-2868
1 mth	0.25-0.20 dis	0.31-0.26 dis
3 mths	0.86-0.81 dis	1.05-1.00 dis
12 mths	2.40-2.35 dis	2.95-2.80 dis

Bonn confident of meeting 3% defence target

BY ROGER BOYES IN BONN

WEST GERMANY is confident that it will be able to raise its defence spending this year to meet the NATO target of a real 3 per cent increase.

Bonn has come in for considerable criticism from the U.S. for its 1980 defence budget allocation of DM 38.4bn (£9.6bn) wbich—with a deflator of 3 per cent—represents a real increase of only 1.8 per cent. West German officials bave argued that 31 per cent of thia allocation will go towards weapons procurement, thus contributing directly to the strength of the army. This is a tacit criticism of countries such as Britain, whicb has reached the 3 per cent target partly because of higb wage increases for its forces.

Officials in Bonn now go a step further, however, and maintain that, with an additional budget allocation of DM 320m (£80m) for extra fuel costs and with proposed military aid to Turkey, actual defence spending will be just under the 3 per cent mark.

The Defence Ministry is also looking at other options, including the raising of ammunition reserves, wbich will form part of the West German case at the NATO Council meeting on May 12-14. Bonn stresses that additional defence moves must be co-ordinated within the alliance.

The focus of the additional defence effort, for Bonn, will be the strengthening of Turkey. This is seen as its main contribution to a concerted Western response to the Soviet invasion of Afghanistan.

Defence Ministry officials confirmed yesterday that there bave been talks with Turkey about the supply of aome 70 Leopard 1 tanks but they stress that any final agreement will come as part of an aid package being arranged by Herr Hans Mattboefer, the Finance Minister.

If the tank supply deal goes ahead, Bonn will probably give the tanks to Turkey free of charge. At current prices, the latest Leopard 1s cost about DM 3m (£750,000) each.

The original Idea was for Bonn to guarantee export credits to Turkey enabling Turkish defence planners to buy 150 of the tanks. But it has become clear that this would put excessive financial pressure on Ankara aod that, in the wake of the Afghanistan invasion, it made more sense to supply them free.

Military aid to Turkey also presupposes some kind of equivalent assistance to Greece but it is not yet clear wbat West Germany can offer the Greek Government.

Danish payments deficit widens to £1.25bn

BY HILIARY BARNES IN COPENHAGEN

DENMARK'S BALANCE of payments deficit on the current account last year almost doubled to a record DKr 15.6bn (£1.25bn) compared with DKr 8.2bn (£655m) in 1978, accordiog to tbe Bureau of Statistics. The fourth quarter deficit was DKr 4.7bn, compared witb DKr 2.8bo in 1978. There was a DKr 4bn deterioration in tbe balance of goods and services last year, and of DKr 3.4bn in other items, iocluding an increase in net interest outgoings from DKr 4.8bn to DKr 6.8bn.

The current account deficit was financed by public sector net borrowing of DKr 4.6bn (DKr 7.3bn in 1978) and private sector net capital imports of DKr 12.7bn (DKr 6.6bn) and, after errors and omissions, there was a DKr 499m iocrease in international liquidity.

Energy imports rose by 51 per cent tc DKr 18.7bn and commodity imports by 21.1 per cent to DKr 97bn. Exports rose by 18.7 per cent to DKr 76.8bn.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rates $365.00 per annum. Second Class postage paid at New York, N.Y., and at additional mailing centres.

Gaullist leader returns to the attack

By Robert Mauthner in Paris

THE LEADER of the Gaullist RPR party, M. Jacques Chirac, who two weeks' ago broke a long public silence with an uncharacteristically low-key news conference, has reverted with evident relief to his previous role of "Trojan Horse" within the ruling coalition's ranks.

In a weekend radio interview, M. Chirac went out of his way to dispel the impression left by his news conference that he was now much more in sympathy with the Government

The Gaullist leader, who is generally expected to run against M. Valery Giscard d'Estaing, in the next presidential election due in the spring of 1981, said he was feeling "more and more uncomfortable" inside the coalition. But he stressed again that the Gaullists were not planning any move to put tbe Government's life in danger.

M. Chirac's remarks clearly demonstrated his difficulty in walking the tightrope between open opposition and critical support of the Government. The Gaullists are obliged to draw a distinction between their own policies and those of the Government to enable M. Chirac to appear as a real alternative to President Giscard d'Estaing, while at the same time taking care not to identify themselves with the Left-wing opposition.

After his mild treatment of the Government in his recent news conference, M. Chirac came back to the attack this time. Government policies, he said, bad weakened the *economy and Prime Minister* Raymond Barre's stabilisation plan had been a complete failure.

Criticising the way President Giscard was running the country, he said, power was now concentrated to an unprecedented degree in the hands of the President.

M. Giscard, meanwhile, has announced several important initiatives to promote workers' participation in industry. Though he ruled out any form of direct workers' control, he said that the Government would shortly table a Bill authorising companies to distribute free shares to their employees up to 3 per cent of their capital.

Charles Batchelor in Amsterdam analyses the reasons for the Dutch Cabinet crisis

The coalition road to fragile power

THE CRISIS which almost overwbelmed the Dutch Centre-Right coalition Government last week bad its roots in the country's electoral system, wbich is based on proportional representation. *Thia allows many parties a voice* in Parliament, making coalitions the only way to power.

More immediately, Mr. Dries van Agt's Government has suffered during its two years in power from divisiona within its own ranks. Although nominally composed of two parties, the Government in reality has four parts. The dominant Christian Democratic Party is composed of three smaller confessional parties which have yet to merge *fully*.

The row which led to the resignation of Mr. Frans Andriessen, the Finance Minister, last Wednesday, and whicb at one stage seemed likely to bring the Government down, was an internal Christian Democratic affair. Mr. Andriessen wanted larger cuts in public spending than acceptable either to Dr. Willem Albeda, the Social Affairs Minister, or to Mr. van Agt himaelf, both also Christian Democrats.

The Government's survival was undoubtedly largely dne to the strong gains by the Left-wing parties indicated in recent opinion polls. The Right-wing Liberal Party would almost certainly be out of the next Government, and even the middle-of-the-road Christian Democrats, the keystone of Dutch politics for most of this century, might find themselves dispensable.

Under the Dutcb system of proportional representation, the entire country, with its more than 8m voters, becomes one constituency, although for practical purposes it divides into 18 electoral districts. A party keen on winning the maximum number of seats will submit a list of candidates in each district. Althougb a deposit is required in each district to prevent *excessively small parties* being formed, the threshold for a party to gain a seat in Parliament is low by international standards.

A party can get its candidate into Parliament if be gains *two-thirds of* 1 per cent *of the* national vote. The total national vote—8.3m in 1977—is divided by the number of seats in the lower house, which is 150. Any party which gained more than 55,300 votes in the last *election* was *therefore* entitled to a seat.

This led to 11 parties taking their place in Parliament in the May 1877 election, while 13 more were excluded. The smallest party to gain representation was the *Left-wing* Democratic Socialist (DS 70) group, which gained only 0.72 per cent of the poll, with 59,500 votes, whicb allowed it one member of Parliament.

A result of the "one constituency" principle is that MPs are much freer to make decisions according to their own consciences, without constantly looking over their shoulders to gauge the feelings of their constituency. This results in debates in the Dutch Parliament being less tied to local and regional issues than in, say, the UK, and allows more room for idealism.

Because of the large number of small parties in Parliament, governments are inevitably *coalitions — the last left-of-*centre government was composed of five parties. Dutch politics tends, therefore, to be the politics of compromise, although this is made easier by the parties' relative freedom from constituency worries.

Although compromises are constantly being made, they have their limits. Only three of the 14 post-war Dutch cabinets bave lasted their full four-year term.

Despite the electoral system's disadvantages for strong government, it suits the Dutch very well. No voice is raised for any less thorough method of allowing all opinions to be heard, although the gradual secularisation of Dutch life has led to religious divisions becoming less clear cut and less significant in politics.

*The formation of the Chris*tian Democratic Party from the Catholic People's Party and two Protestant groups, the Anti-Revolutionary Party and the Christian Historical Union, reflects this trend. To strengthen their much-eroded power base these three parties merged partially three years ago, and they plan to integrate fully in October.

Despite Mr. Van Agt'a Government's slender majority — it has only 77 of the 150 lower bouse seats — and the potential for a difference of views between its two member parties, most of its problems have come from differences among the Christian Democrats themselves. The radical wing of the Anti-Revolutionary Party would bave preferred a coalition with the Socialists, and has con*stantly* opposed the compromises forced on the Christian Democrats by their coalition with the Liberals.

Opposition from a group of Anti-Revolutionary Party dissidents threatened the Government in its first year over plans to export enriched uranium to Brazil, while conflict flared again last year over the Government's attitude towards the North Atlantic Treaty Organisation's plans to modernise its European missile arsenal.

Traditionally, ministers from the smaller coalition partners have felt obliged to resign over the policies being pushed by the larger party, but the two ministers who have resigned from the present Government both belonged to the Christian Democrats. Dr. Roelof Kruisinga, from the Christian Historical Union wing, resigned in 1978 over his opposition to the neutron bomb.

Mr. Andriessen has now stepped down because the Government was not prepared to support his tough economic proposals. Ironically, be had the support of Liberal Party ministers for his views, and was opposed by some ministers from his own party.

Divisions within the Christian Democrats are hampering the choice of Mr. Andriessen's successor. The Catholic People's Party wants to keep its bold on the Finance Minister's post, but it lacks suitable candidates. If it agrees to swap portfolios, a complicated Cabinet reshuffle will be needed to ensure that none of the three Christian Democratic parties suffers.

The Christian Democrats' radical wing argues that the new party's problems would be solved by a coalition with their more natural allies, the Labour Party. The latest opinion poll has shown, however, that even if this Government survives its remaining 15 months, the left may be able to dispense with the Christian Democrats altogether.

Mr. Frans Andriessen, left, wanted larger spending cuts than were acceptable to Mr. Dries van Agt, right. Mr. Andriessen resigned. Mr. van Agt's Government tottered.

Eastern bloc deadlock

PRAGUE — Czechoslovakia and Romania have failed to reach agreement on tourism for this year and several thousand Czechoslovaks will bave to reconsider their boliday plans, tourist officials said here yesterday. Tbe deadlock is said to be due to Romania's insistence that all payments for tourist services be paid for in bard currency.

Czechoslovak travel agents are telling their customers that nothing is available in Romania ao far and that travel to Bulgaria will be limited to air tours.

Reuter

Swiss watch industry's gold plan

BY JOHN WICKS IN ZURICH

THE CREATION of a special gold pool to counter the effects of price fiuctuations on industrial users has been suggested by the Swiss watch industry association Federation Horlogere. The fund would build up a stock of gold, whicb *would be sold to processors* at an "average price adapted to market trends."

According to Mr. Rene Retornaz, director of the Federation, the project would call for financing of some SwFr 300m (£80m). The raising of this money and the question of risk coverage are under discussion with banks, and with the jewellery and dental industries as other important consumers. One possibility is that the pool might be supported initially by national bank gold.

Mr. Retornaz, who says the idea is meeting with interest, points to the fact that the watch industry is the biggest single gold user in the country. Total Swiss consumption of gold was recently estimated unofficially at 33.4 tonnes in 1978.

Some eight years ago, when gold cost $45-50 an ounce, an attempt was made to establisb a similar fund. It was decided then that the difference in price during a given month was too small to make the project worthwhile. Since then, watch-industry use of gold has doubled, and the price bas shot up and fluctuates considerably.

Should tha Federation'a discussions prove successful a pool could be set up in five or six weeks.

Dissidents held in Poland

WARSAW — Police detained 13 dissidents in Warsaw and other Polish cities over the weekend to prevent them from attending meetings organised by the KOR Self-Defence Committee, a spokesman for the committee said yesterday. Most of the arrested members and sympathisers of KOR, including their chief spokesman Mr. Jacek Kuron, were released within 48 hours, the maximum time anyone can be detained without being charged.

Reuter

Yugoslavs win generous EEC trade concessions

BY JOHN WYLES IN BRUSSELS

NEGOTIATORS FOR Yugoslavia and the European Commission yesterday initialled a wide-ranging co-operation agreement which the EEC has concluded in great haste following the Soviet invasion of Afghanistan and President Tito's serious illness.

Neither side was publicly willing yesterday to acknowledge that recent international tensions explained the speedy conclusion of an agreement which has been two years in negotiation. However, it was undoubtedly made possible by the EEC Foreign Ministers' sudden eargerness in January for an accord, which has since been translated into Community trade concessions of a generosity which tough Yugoslav negotiating has successfully built upon.

As a result, the co-operation agreement with Yugoslavia which designates itself a "non-aligned, European, Mediterranean and developing country" proved to be virtually the most wide-ranging that the Community has reached with countries in any and all of these four categories. Its achievement will be celebrated by a visit to Belgrade this Thursday and Friday by Mr. Roy Jenkins.

The commercial arrangements in particular, will give free access to EEC markets for 70 per cent of Yugoslavia's industrial products. The remainder, excluding non-ferrous metals and textiles covered by special arrangements, will be subject to tariff ceilings which offer, none the less, the possibility of substantial increases in Yugoslav exports to the EEC.

This, as Mr. Stojan Androv, the Yugoslav negotiator, made clear here yesterday is a primary objective for his country. Yugoslavia's trade gap with the EEC is more than half its total trade deficit. It has deteriorated from around $880m in 1973 to more than $3bn last year. At the same time, Yugoslavia's dependence on Comecon markets for its exports has increased.

But in negotiations over the weekend the EEC substantially improved trade offers tabled last year covering both industrial and agricultural products. On the industrial front, the number of products which the EEC sought to cover by import ceilings above which tariffs would apply, has been whittled down from more than 60 to 29, covering 13 per cent of Yugoslavia's industrial goods.

Yugoslavia's agricultural exports also gained new opportunities through the agreement. This was a major aim of Mr. Androv and his team who have pointed out that the creation of the common market for farm goods has slashed Yugoslavia's agricultural exports from more than half of the country's total sales to the Community in the early 1960s to 13.5 per cent in 1978.

A major EEC concession covers baby beef, which worried the Italians in particular, but which could now increase from around 13,000 tonnes a year to the agreed tariff quota of 35,000 tonnes, nearly double the amount the EEC offered to accept from Yugoslavia last year.

Italy also agreed to concessions which will enable certain quantities of Yogoslav tobacco to enter the Community while levies on some 12,000 hectolitres of Yugoslavia wine will also be reduced.

The commercial agreement will run for five years and will be renegotiated after four. But the co-operation agreement as a whole, to be administered by a co-operation council, has no set date of expiry.

It also provides for European Investment Bank loans to Yugoslavia worth $292.5m over five years and for closer links in the development of science, technology, energy and tourism.

Greece and Turkey clear the air

BY DAVID TONGE

IT HAS taken six years for Greece and Turke yto resolve the first of their many disputes over the Aegean. But last weekend's re-opening of the airspace between the two countries to international civilian flights for the first time since 1974 is described by both sides as a gesture of goodwill which should improve the atmosphere for negotiating their other problems. These include disputes over the continental shelf and differences about the allocation of military responsibilities which are preventing Greece's re-integration into the military wing of NATO.

Western governments are impressed but express some anxiety that the Turks' willingness to take the first step may have been intended mainly to molify the countries from which Turkey is seeking financial help. Yesterday, Turkey told members of the Organisation for Economic Co-operation and Development in Paris that it either needed $8.5bn concessionary loans over the next five years or the re-scheduling of almost half of its $14bn debt.

An indication of the difficulties still remaining is that, however positive this move, the Greeks have just rejected a NATO proposal on their re-integration into the military wing of the alliance.

The plan had been presented by General Bernard Rogers, NATO commander in Europe, to Agamemnon Gratsios, the Greek chief of staff. It is believed to have proposed that Greece and Turkey should each be responsible for their national airspace, but that international airspace should come under the command of a third-country, probably the U.S., with a new headquarters to be established on the island of Crete.

Gen. Rogers: Greek 'no' to his plan.

Growth rate of under 3% expected for Ireland

By Stewart Dalby in Dublin

IRELAND'S balance of payments deficit this year could exceed last year's £760m unless deflationary measures are taken. Such a deficit would seriously deplete reserves and would put pressure on the authorities to devalue. Those are the main points to emerge from an independent economic forecast and from the Government in the run-up to budget-day tomorrow.

The latest report, the Government's economic background to the budget, says that because of oil price increases, this year's rate of growth is unlikely to be as high as last year's, which was just under 3 per cent. Ireland has few indigenous sources of energy and imported oil accounts for 70 per cent of the country's needs.

The Government's projected growth rate seems to square with a forecast last week by the Economic and Social Research Institute, one of the leading independent organisations. It estimated that growth in gross national product would be about 2 per cent. The institute thinks that personal consumption will drop by 1 per cent and that the balance of payments deficit could emerge at Ir£640m.

This estimate assumes that exports will be buoyant, with a possible 6.7 per cent increase in volume, that the terms of trade particularly with Britain, will not deteriorate too badly and that the necessary deflationary measures will come into effect.

The outlines of tomorrow's budget, which will certainly be deflationary, have already emerged. Public spending is to increase by 12.2 per cent which will allow for probable inflation of between 14 and 16 per cent and a cut in real terms. Capital spending is to rise by some 13 per cent which means it will just about keep up with inflation.

Mr. Michael O'Kennedy, the Finance Minister, is thought to be looking for increased revenue through stiffer indirect taxation amounting to between Ir£300m and Ir£500m, depending on what concessions he intends to make in direct taxation in response to the agitation against high taxes in the PAYE sector.

Iceland allays fears on NATO base

BY WILLIAM DULLFORCE IN REYKJAVIK

A PLEDGE that there will be no change in Iceland's foreign policy or in its policy towards the NATO base at Keflavik has been given by Mr. Olafur Johannesson, Iceland's new Foreign Minister.

His categoric statement to the Financial Times that there will be no change "while I am in this post allays doubts about the attitude of the new governing coalition formed by the Left-wing anti-NATO People's Alliance, the Progressive Party and a splinter group from the Independent (Conservative) Party, headed by Mr. Gunnar Thoroddsen, the new Prime Minister.

Mr. Johannesson was Prime Minister in the Centre-Left Government, the collapse of which precipitated the December general election. He is a former leader of the Progressive Party, which strengthened its position in the election.

The base, operated by the U.S. Navy at Keflavik, is a vital link in NATO's early warning defence system, and in the Western Aliance's control of the sea and air approaches to the North Atlantic.

Left-wing groups in Iceland have periodically tried to expel the Americans from the base, but the programme of the new Government does not mention it, and the three groups in the coalition have agreed to set aside their differences over the base, according to Mr. Johannesson.

He hopes, however, to revive plans for the separation of military and civil traffic at Keflavik, which is also used by the national Icelandic airlines, and for the construction of a new passenger terminal. This would call for talks with the U.S.

Mr. Johannesson said he hoped to have an informal discussion with Mr. Knut Frydenlund, the Norwegian Foreign Minister, on the dispute between the two NATO members over Norway's desire to declare a 200-mile fishery protection zone round the island of Jan Mayen, north-east of Iceland.

But Iceland was maintaining its claim to full jurisdiction over its own 200-mile zone, which overlaps the Jan Mayen zone, and wanted guarantees of its rights to the fish and other resources of the Jan Mayen zone, Mr. Johannesson.

'Black' workforce seeks legality in France

BY DAVID WHITE IN PARIS

SEVENTEEN TURKISH clothing workers went on hunger strike in Paris on February 11 for the right to work under normal conditions and with legal papers.

Their action has awoken the French media and the authorities to the pressing problem of clandestine labour. This has long been overlooked although the most blatant example lies right under their noses in the middle of the Right Bank of Paris—the fashion sweatshops around the Rue du Sentier.

An estimated 20,000 illegal foreign workers are employed in the Paris clothes business. At the CFDT trade union, the first to devote itself to the problem, the total of unregistered immigrant workers—"sans-papiers"—in France may be as many as 400,000, or almost a tenth of the whole immigrant population.

The Rue du Sentier is the centre of a concentration of small dressmaking workshops. One finds here Asians, Greeks, Yugoslavs and Mauritians. The latter preceded the Turks a few years back in campaigning for their documents.

The Financial Times office, in the Rue du Sentier itself, is one of the few places not connected with the bustling trade that blocks local traffic day-long. But, one by one, newspapermen have been moving out of the old Continental Daily Mail building, and the rag trade has already reached the first floor.

The area fulfils an important secondary role in the clothes trade, making up the gap where big producers cannot turn out enough, filling in when they have finished with one season and are concentrating on the next. The backroom workshops adapt *instantaneously* to every latest trend. Sometimes they produce specially for "sales."

Not all operate with illegal labour, but many do. What should be the Government's VAT offtake largely disappears into the hands of middle-men and accounting is often fictitious.

Paid by the article, an immigrant worker may earn FFr 5,000 to FFr 7,000 a month (£530-£745), better than a factory wage. But he has no social security rights, no paid holiday, probably works double-time and risks having no work at all during the slack season.

French television viewers the other day were shown a wind-cheater which started off with a cost price of FFr 36, including labour and material. When it reached the wholesaler the price was FFr 219, and in the clothes shop FFr 450.

At the national women's ready-to-wear clothes federation, not far from the Rue du Sentier, they insist that clandestine labour does nothing to bring final prices down. It does nothing, therefore, to compete against Third World imports.

The federation favours giving the workers regular papers, since the trade would have difficulty finding qualified French labour to replace them. The seamstresses of Paris are a disappearing race.

The above-board women's ready-to-wear business has about 92,000 workers and a turnover of FFr 10.3bn (£1.1bn) a year. Figures for apparent consumption — that is, production plus imports, minus exports —fall 10-15 per cent short of figures for real consumption drawn up by the Government's statistics office. Stocks may account for part of this distortion, but it gives an idea of the importance of the black market sector.

The federation puts the figure for illegal workers — not counting the men's clothing sector — at 10,000-15,000, although some Press reports have pushed this up to 50,000.

M. Lionel Stoleru, Secretary *of State in charge of manual* workers and immigrants, met the Turkish protesters last week. He promised them a committee to try to find a solution. But the Government, which since last year has been cracking down on work permits and on clandestine immigration, is firmly against a package that would mean papers for all.

Rome to crack down on illegal immigrants

BY RUPERT CORNWELL IN ROME

THE GOVERNMENT is planning a major clampdown on illegal foreign immigrants to Italy. Measures presented to the Senate by Sig. Virgilio Rognoni, the Interior Minister, call for prison sentences of up to one year and heavy fines for offenders.

The action has been largely forced upon the Government by the steep increase in the number of illegal foreign workers in Italy, ironically once a supplier itself of cheap immigrant labour to richer countries in northern Europe or North America.

It has been estimated by Censis, the leading social affairs institute here, that more than 400,000 foreigners have jobs in Italy, not more than half of them legally. These immigrants from the Maghreb countries, Italy's former African colonies, and the Far East, have brought a host of problems with them.

Violence and gang warfare have spread in the heart of major cities like Rome and Milan, while the newcomers have undoubtedly been partly behind the vast increase in drug addiction in the country. With them, too, has come the hitherto unfamiliar problem, for Italy, of race relations.

Under the proposed laws, any worker found staying after the maximum 30-day grace period after which he must register with the authorities, is liable to theoretically, to a fine of up to L1m (£530) and a year's imprisonment.

The Interior Minister and provincial Prefects would have wide powers to expel aliens who posed a threat to public order. At the same time, anyone aiding and abetting illegal immigration faces up to two years' jail and a fine of up to L5m (£2,650).

In a statement, Sig. Rognoni declared that the tough action was needed to tackle the spread of crime related to immigrants, among whose number were "dangerous or suspect elements."

Trudeau extends a hand to the West

By Victor Mackie in Ottawa

THE TWO Liberals from Manitoba who were elected to the Canadian House of Commons in the general election last week have been charged with finding a way to give the West more representation in the new government of Mr. Pierre Trudeau, the Prime Minister-elect.

The two MPs, Mr. Lloyd Axworthy and Mr. Bob Bockstael, both representing Winnipeg constituencies, will offer suggestions to Mr. Trudeau next week.

[illegible] the Quebec Liberal [illegible] has been asked also to consider ways of increasing western representation in the new cabinet. They have suggested putting up a British Columbia Liberal for the Frontenac constituency in Quebec. The poll in Frontenac was delayed until March 24, following the death of the Social Credit candidate in that riding during the campaign.

The likely Liberal candidate is Mr. Gordon Gibson, a [illegible]-year-old Vancouver businessman. He is a close associate of Mr. Trudeau and ran unsuccessfully for the Liberals in the February 18 election.

Democracy rule for island aid

By Tom Corfe in Bridgetown

BRITAIN plans to consider the human rights records of its former colonies in the Caribbean before determining its aid programmes, Mr. Neil Marten, Minister of State at the Foreign and Commonwealth Office, said here on his [illegible] Caribbean. [illegible], however, that [illegible] which [illegible] allocated. [illegible] in the House [illegible] week, did [illegible] Britain would [illegible] interest or [illegible].

[illegible] British [illegible] concerned [illegible]

[illegible]

NEW HAMPSHIRE PRESIDENTIAL PRIMARY

Gaining momentum will count for more than winning

BY JUREK MARTIN IN MANCHESTER, NEW HAMPSHIRE

TODAY'S Presidential primary election in New Hampshire should produce the first real narrowing of 10 candidates for the White House from the Republican and Democratic parties.

The stakes are highest for President Jimmy Carter and Senator Edward Kennedy among the Democrats and for Mr. George Bush, Mr. Ronald Reagan and perhaps one other Republican.

The real goal here is to acquire momentum. To do well, or better than expectations here, in the first primary of the election year, counts much more than winning the small number of delegates that the state will send to the respective national party conventions—in the case of the Democrats just 19 out of 3,331, with the Republicans 22 of 1,994. To do badly or to fail to meet hopes can mean a premature end to ambition.

Of the Democrats, Senator Kennedy from Massachussetts has most to lose and gain. Defeat already by President Carter in Iowa and Maine and with his prospects reportedly not good in Minnessota, where party caucuses are also being held today with many more delegates (75) eventually to be allocated, Mr. Kennedy may find it hard to recover if the President carries New Hampshire by a sizeable margin.

Two local polls give Mr. Carter a better than 20 per cent lead—a dramatic reversal from similar findings last summer when the Senator led by 3-1 here. But most experts predict a much closer result.

Mr. Kennedy certainly has devoted unstinting effort here in the last week, hammering away at Mr. Carter's economic policies, condemning his refusal to leave the White House to campaign and importing bus loads of young campaign workers.

If Mr. Kennedy wins, or runs the President close, as he did in Maine, then his belief that the country is at last beginning to awake from its consuming interest in international crisis will be strengthened and his chances will look better. Campaign money, which will dry up if he is crushed, should still be available.

Mr. Carter still has the tactical advantage that the campaign will soon be moving to his ground in the South, which would enable him to survive a loss here, in what he can always dismiss as Kennedy territory. But he, too, must be concerned that a protracted bitter debate with Mr. Kennedy will weaken such national support as he now commands.

An important factor in the Carter-Kennedy confrontation will probably be the share of the vote picked up by Governor Jerry Brown of California who has been making a big pitch for the anti-nuclear, anti-draft, young vote. Deluded of finances, Mr. Brown's longer term prospects still look grim, but he says that even if he goes back to California and sits out a few primaries he will return later in the season.

On the Republican side it matters enormously which of the two joint favourites, Mr. Bush or Mr. Reagan, actually finishes first. The former Governor of California clearly hopes that Mr. Bush's rising momentum will have been stalled by last Saturday's bitter controversy over an aborted debate of all the candidates in the city of Nashua.

All the other contenders have sharply attacked Mr. Bush for insisting that the debate be limited to Mr. Reagan and himself while the whole affair seems to have re-ignited fires in Mr. Reagan's own soul.

If Mr. Bush wins handily, he will find himself where Mr. Carter was four years ago after New Hampshire—the sudden, solid favourite for the nomination, well organised, and well financed, with the opposition in disarray. If Mr. Reagan triumphs (and he lost here by only a handful of votes to President Ford in 1976) he will have erased his setback at Mr. Bush's hands in Iowa last month and will be more able to survive the certain loss next week in Massachussetts before the campaign moves to the conservative South.

Finishing third on the Republican side in New Hampshire is of great importance. That hope seems to rest with Senator Howard Baker, liberal Congressman John Anderson, and possibly conservative Congressman Philip Crane.

All need to demonstrate that the Republican contest has not narrowed to a two-horse race; none can survive financially without giving some demonstration of electoral appeal. Finishing lower than third is probably the kiss of death, a spectre already staring the two remaining candidates, Senator Robert Dole and Mr. John Connally, in the face, though Mr. Connally still thinks he can recover in the South.

Mood of America feature, Page 23

Conscription for women comes under heavy fire

BY PATTI REALI AND NANCY DUNNE IN WASHINGTON

WHEN President Jimmy Carter was riding high in the opinion polls, he took the opportunity to make a political decision which was bound to please no one. Along with a request for \$20.5m to revitalise the Selective Service System, which is in charge of obtaining recruits when conscription is in effect, Mr. Carter asked Congress for authorisation to register women for conscription, as well as men.

Registration has been consistently opposed by those who believe it would be the first step back to conscription. The idea of registering women drew fire from feminists, anti-feminists and Capitol Hill.

On Saturday the Washington Post revealed that registration had been opposed by the Selective Service System itself. Even before the President asked for registration, a Selective Service report called the move "redundant and unnecessary," and said the agency could carry out war plans without resorting to registering people before a national emergency occurred. The President, however, went ahead with the policy, apparently concluding that the Soviet invasion of Afghanistan required a signal that the U.S. could, and would, rebuild its conventional forces.

Advocates of women's rights, who launched their movement in the 1960s at the time of the Vietnam anti-war protests, are in a quandary. They are torn between a commitment to equal rights and their traditional opposition to war and militarism. Feminist organisations like the National Organisation for Women, the leading women's lobby, have come out decidely against registration for either men or women. They quality their opposition, however, by saying that if men are required to register, women should also have to sign up.

Opponents of equal rights for women, who have long used the conscription issue to rally support, are even more vociferous. "President Carter has stabbed American womanhood in the back in a cowardly surrender to Women's Lib," says Phiylis Schlafly, America's leading anti-feminist.

The mood in Congress these days is not amenable to registering men, let alone women, despite worry about last year's 7 per cent shortfall in recruits. When the House Armed Services Committee last year approved a Bill to register 18-year-old-men, the Administration pressed for defeat of the measure, which subsequently failed in the House. Congresswoman Patricia Schroeder, a committee member who led the Administration's battle against the Bill, says she is a little annoyed that Mr. Carter has changed his mind.

One of the new breed of U.S. Marines on the firing range with her automatic rifle.

Even against a background of increased international tensions with the Soviet Union and Iran, conscription is still an unpopular idea. The move towards registration, however, is being received more positively. A recent Gallup poll of Americans aged 18 to 24, indicated that 73 per cent of women and 77 per cent of men favour registration. They did find it more difficult to swallow the idea of registering women. Only 48 per cent of women and 54 per cent of the men approved.

Although registration of women would be a break with a 204-year military tradition, American women are already playing an increasingly vital role in national defence. Some 150,000 are serving in the armed forces, more than in any other country in terms of both numbers and percentages. They now compose about 8 per cent of the total, and by 1985 that figure will reach an estimated 12 per cent.

Women are also achieving higher ranks than they have in the past. One is a major general in the Army, and seven more have achieved the ranks of brigadier-general or admiral. The Pentagon reports that 233 have reached the rank of colonel or captain.

While the feminists have urged equality in the armed forces, the changes have, more than anything, been dictated by necessity. Since conscription ended in 1973, the Pentagon has found it expedient to use women to supplement the number of qualified volunteers.

Somewhat ahead of prevailing attitudes — even among women — the feminists have forced the opening of many occupations from which women were formerly excluded. In 1977, the Pentagon dissolved the Women's Army Corps and set up integrated basic training units. Men and women now fire M16s, throw grenades, drill and exercise side by side. Women are driving trucks, flying helicopters, performing maintenance services and guarding intercontinental ballistic missiles. Ten Air Force women are flying fighter trainee jets

While women may now enrol for 95 per cent of specialist military occupations, they are not permitted to take combat posts. This may change. The Defence Department, which is looking into a redefinition of combat roles to widen opportunities for women, has aksed Congress to drop the exclusion.

Many servicewomen are content with their roles in administration or support units, but others complain that it limits their career opportunities. The 5 per cent of the positions denied them represent 21 per cent of all jobs available in the peacetime armed forces. Still, it is questionable that many women want combat duties. Their drop-out rate is high (40 per cent before finishing the first tour of duty, compared with 32 per cent for men), and it is highest among those doing non-traditional jobs.

Women are apparently dropping out, according to the Pentagon, for three main reasons: difficulty in adjusting to military life, a high pregnancy rate (14 per cent in the Army last year) and for other medical reasons.

The chances that the female volunteers will be joined by female draftees look slim. The Registration Bill is now in a House Armed Services Subcommittee, six of whose members have already said they oppose it.

Should Congress pass a Registration Bill excluding women, the American civil liberties union has vowed to bring suit.

President Carter already possesses the authority, through executive order, to register men. That appears to be all he will get.

Army takes over in Surinam

By Charles Batchelor in Amsterdam

MEMBERS of the Army of the former Dutch colony of Surinam carried out a coup yesterday according to Dutch News Agency reports reaching the Netherlands.

A statement issued by soldiers calling themselves the National Military Council has appealed to all Surinamese citizens to prepare themselves for the social, economic and moral reconstruction of the country.

According to the Dutch reports about 300 members of the 800-strong Army of Surinam are supporting the coup.

They have taken over the army headquarters, the telegraph exchange and an ammunition store in Paramaribo, the capital. The police barracks was set on fire, shops plundered and offices, banks, factories and schools were closed, according to the reports.

The new military council, under the leadership of two non-commissioned officers, said it was looking for Mr. Henk Arron, the Prime Minister, who they hold responsible for "the chaos" in the country, which gained independence in November, 1975.

Unrest has been growing in Surinam in recent days following the refusal of the authorities to recognise a soldiers' trade union and to reinstate dismissed members of the military.

The Dutch Foreign Office in The Hague said it had not yet received confirmation of the reports. An official said the ministry was concerned for the 4,000 Dutch citizens living in Surinam and information was being sought from the Dutch Ambassador.

Picture the scene:

On the one hand, a man born, bred and hardened in the West Riding, running his own small chemical company.

On the other, a man born, bred and hardened in West Byfleet, running a large investment company somewhere in the City.

The only thing they have in common is money.

One needs it. The other has popped up from the City for the day to see if he can help.

But it's going to take more than the knowledge of the finer points of finance.

Because, financing and also helping smaller businesses is a highly specialised and local affair.

And frankly, no one can help you better than ICFC.

That's because over the years we've dealt exclusively with small businessmen, so we reckon to understand them pretty well.

You'll see what we mean if you contact one of our offices dotted around the country.

Each one is run by a man who knows the area and the people like the back of his hand.

He will understand you and your problems so his advice will always be worth listening to.

More importantly, he may well be able to help you with long-term capital, anything from £5,000 to £2 million or more.

Not bad for a local lad. **ICFC**

"Hello Mr Chalk, I'm Cheese."

INDUSTRIAL AND COMMERCIAL FINANCE CORPORATION LIMITED. ABERDEEN 0224 53028. BIRMINGHAM 021-236 9531. BRIGHTON 0273 23164. BRISTOL 0272 292081. CAMBRIDGE 0223 62126. CARDIFF 0222 34021. EDINBURGH 031-226 3885. GLASGOW 041-221 4456. LEEDS 0532 30511. LEICESTER 0533 26854. LIVERPOOL 051-236 2944. LONDON 01-928 7822. MANCHESTER 061-833 9511. NEWCASTLE 0632 815221. NOTTINGHAM 0602 47691. READING 0734 861943. SHEFFIELD 0742 664561. SOUTHAMPTON 0703 32044.

OVERSEAS NEWS

Black Rhodesia goes to the polls

How the pattern of war may shape the peace

BY BRIDGET BLOOM IN SALISBURY

MAKONI DISTRICT has been in the thick of Rhodesia's civil war for the past three years. Mr. Robert Mugabe's guerrillas have fought their way through it, from north to south, extending their sway over their Shona-speaking compatriots to the point where there were virtual "no-go" areas for Rhodesian troops, in the north at least.

Makoni, 100 miles east of Salisbury and barely 50 miles from Umtali and the Mozambique border, is the sixth-largest of Rhodesia's 56 administrative districts. No one knows how many ordinary Africans have died there, nor how many have moved out of its five tribal trust lands, where most rural Africans live.

The District Commissioner's office in Rusape, the only town of any size, estimates that more than 50 per cent of the people in the Tanda tribal trust land have left in the past two years, often to seek refuge in the shanty towns of Salisbury.

Flying north from Rusape—still the safest way to go—you leave behind the huge complex of Lonrho's Inyati copper mine (the only major mine in the area) and for 10 minutes see below the roofless barns and burnt-out houses of abandoned tobacco farms, eloquent testimony, as are the abandoned *kraals* in the *tribal trust lands*, of the ravages of war.

The European voters of Makoni district elected their Rhodesian Front member a fortnight ago, a result which could perhaps have been predicted. But what of this week's black election? There are no opinion polls here, nor even a voters' roll. The District Commissioner, from whose office the election is being organised, and from where David Bennet and Bert Hodge, the two British election supervisors allocated to the district also work, will not hazard a guess.

His figures for last April's "internal settlement" election show that of the 35,500 votes cast (thought to be a turnout of between 30 and 60 per cent), 26,678 voted for Bishop Abel Muzorewa, with the Rev. Ndabaningi Sithole's party a very poor second. All agree that this time the battle will be between the Shona-based parties of the Bishop and of Mr. Mugabe, with Mr. Sithole again a poor third.

It is not thought that Mr. Nkomo's Patriotic Front, whose guerrillas have never operated from this area, will make much of a showing. In an effort to reinforce the secrecy of the vote, there will not be a count of the votes for each party in Makoni this time. Only the total number of votes for the district will be known, the party count being made for the whole constituency of Manicaland, of which Makoni forms part.

Probably the best guide to how people will vote is the pattern of the war. Although one brave shopkeeper in the Tanda tribal trust land declared she was for the Bishop's party, it would be surprising if the north was not solidly for Mr. Mugabe. In other tribal trust lands, in Makoni itself for example, where the black security force auxiliaries have established a firm presence, the Muzorewa vote could be higher. The auxiliaries moved in six months ago. *They* have opened a couple of schools, they are repairing roads and bridges and dips. But they are also doing their best to keep Mr. Mugabe's men out.

They do not often succeed. A black agricultural extension officer, working with the District Commissioner's office, told me how he had to live near the auxiliaries' camp and had been unable to meet farmers because Mr. Mugabe's guerrillas had persuaded them not to co-operate with the Government. There are numerous cases throughout the tribal trust lands of free fertiliser, ordered for African farmers by Bishop Muzorewa's Government, being collected only at night, if at all.

But if, in the tribal trust lands, there has been some rough and ready campaigning, in Vengere, the African township outside Rusape, it seems positively boisterous.

I went there at dusk late last week with David Bennet and Bert Hodge. In the muddy main street, with smoke rising blue against lowering clouds, we were greeted first by the red cardboard caps and black and white T-shirts of a group of *young* Patriotic Front supporters.

Fifty yards further on, 20 or so buxom ladies danced and sang the praises of Bishop Muzorewa, as sacks of mealie (maize) meal were being unloaded from a huge lorry (a "free gift" it later turned out, "for the poor").

Ten minutes later, and just round the corner, the Presbyterian church was filling up with Mr. Mugabe's supporters, working out plans for bussing people into his rally at Umtali at the weekend (when he did not turn up, apparently for security reasons).

Finally, a check on the beer hall revealed most of a group of 40 yellow T-shirted supporters of Mr. Sithole, who told us how they would spend the night in the Apostolic church before fanning out into the tribal trust lands to campaign the next morning.

Good nature and jollity seemed the order of the evening. *Since the campaign began*, there seems to have been only one fist-fight, late on a Saturday night, between rival supporters.

I defy anyone to be categoric about the extent of voter intimidation in rural Rhodesia. Extremely nasty things are happening as part of the campaign or in the aftermath of war, like the rocket fired a fortnight ago into a bus of wedding guests near Rusape, which killed 16 and injured many more. Most white Rhodesians blame that on Mr. Mugabe's guerrillas, although his party blames the Selous Scouts of the Rhodesian army. A week ago, ten of his party officials were arrested on unspecified charges by the Special Branch. A stalwart lady from Bishop Muzorewa's office in Rusape charged that Mr. Mugabe's adherents are warning illiterate voters of "Comrade Ghost" who will be present with them in the polling booth—or of a special black box, which magically can tell them where the voter puts his cross, or, even more seriously, that they will be killed if they do not vote for Mr. Mugabe's party.

This is not a free and fair election in the Western parliamentary sense, and no doubt Lord Carrington is rueing the day he allowed it to be thought that it could be—although it should be said that the mechanics of the election are a different matter.

One *may* pity the British bobby who arrived in Salisbury at the weekend and who left Rusape yesterday in a mine-protected vehicle to get to Tanda in time to guard the polling booths when they open on Wednesday. But, technically, the arrangements are likely to leave little room for concern.

Travelling around rural Rhodesia now, one has the overwhelming feeling that what the ordinary rural African craves is peace. And as Bert Hodge put it, as we toured the remote Tanda tribal trust land: "The African people here seem a lot more sophisticated than most Rhodesians give them credit for. I get the feeling they'll vote the way they want to, despite everything."

Israelis to produce new fighter

BY DAVID LENNON IN TEL AVIV

ISRAEL has decided to produce its own combat aircraft to serve until the end of the century, Mr. Mordechai Zippori, the deputy Minister of Defence, announced yesterday.

The Israeli's have formally requested U.S. aid for production of the aircraft which it is hoped will be flying by the end of the decade.

The announcement by Mr. Zippori appears to end years of debate in Israel about whether to undertake such an ambitious programme or to settle for participation in the production of an aircraft to be purchased from the U.S.

Israel Aircraft Industries (IAI) already produces the mach 2.2Kfir (Lion Cub) interceptor which is a derivative of the French Mirage airframe powered by a U.S. General Electric J-79 engine.

The IAI has been striving for years to win Government backing for the development of the new Israeli aircraft, provisionally dubbed the Aryeh (Lion). The massive development costs, estimated variously at between \$750m and \$2bn, have aroused considerable domestic opposition, especially as there could be no guarantee that the end product would be up to the required standard. Each plane is expected to cost at least \$12m.

The school favouring maximum independence in weapons appears to have triumphed. Mr. Zippori said that the decision was influenced by Israel's past experience of "friendships which have disappointed"—a clear reference to the French arms embargo of 1967 and British export restrictions in 1973.

There have been discussions between Israel and the U.S. over many months about co-production of three possible models, the McDonnell Douglas FA-18, Northrop's planned F-18L, or an advanced model of General Dynamics' F-16.

The news now that Israel intends to build its own aircraft does not rule out co-operation with the U.S., which will remain essential. But it does mean that Jerusalem, rather than Washington, will be in control of the project.

Israel would have to buy the engines abroad, presumably from the U.S. This means that as with the Kfir, Washington would have an eventual veto on futures sales of the Aryeh to other countries.

Iran's navy commander arrested

By Our Foreign Staff

THE COMMANDER of the Iranian navy, Admiral Mahmoud Alavi, has been arrested on unspecified charges, the official news agency announced yesterday. He was appointed last month in succession to Admiral Ahmed Madani, who resigned to campaign in the presidential elections.

The news agency said that the reason for the arrest *which took place on Sunday* through the office of the Army Revolutionary Prosecutor, would be announced after the completion of investigations. The charges would be made known at the same time.

In Tehran yesterday, President Abol Hassan Bani-Sadr *attended* an *anti-American* rally outside the U.S. embassy where 50 hostages are still being held. The rally was part of a nationalistic move to emphasise Iranian hostility towards foreign interference in its internal affairs.

It also served as an opportunity for the President to *try to take* over the leadership of the anti-American movement. It was the first time since his election that he had entered the U.S. embassy compound.

President Bani-Sadr's position appears also to have been strengthened by the resignation of two clerical members of the revolutionary council.

The two are Hojatuleslam Ali Khameneyi who was Deputy Defence Minister, and Hojatulislam Hashem Rafsanjani, the de facto Interior Minister.

The five-man United Nations commission investigating the Shah's regime did little yesterday beyond meeting an Iranian human rights lawyer.

Korean currency to float in line with SDR

By Ron Richardson in Seoul

SOUTH KOREA'S won, which has *been pegged rigidly to the* U.S. dollar for the past 30 years, is to be floated in line with the International Monetary Fund's special drawing right from tomorrow.

Although the full mechanics of the float have yet to be made public, it has been made clear that initially the exchange rate to the U.S. dollar will not be permitted to fall below the level of W580 established by the 16.55 per cent devaluation of the currency on January 12.

The link with the SDR is a temporary measure until a more complex joint SDR-trade-weighted currency basket formula has been worked out.

The Government's intention is to minimise the impact of fluctuations in the U.S. dollar.

Revived shekel receives pounding from investors

BY OUR TEL AVIV CORRESPONDENT

THE REPLACEMENT of the Israeli pound by the biblically named shekel over the weekend spelt bad news for the Tel Aviv stock exchange which experienced a selling wave as investors transferred their money into foreign currency and Government bonds.

The devaluation of the Israeli *currency* has accelerated with the commercial banks selling the dollar for I£40.20 yesterday (4.2 shekels), compared to I£39.02 (39 shekels) on Friday.

The decline would have been even greater if the Bank of Israel had not taken the unusual step of moving in on Sunday to ease the pressure.

Sunday's stock exchange trading was one of the heaviest sessions on record and share prices were badly mauled. Some 88 issues were established as sellers only and automatically lowered by 5 per cent without any trading taking place. The index-linked Government bond market gained from this yesterday, rising 2 or 3 per cent.

L. Daniel in Jerusalem writes: Mr. Yigael Hurvitz, the *Finance Minister*, told the Knesset yesterday that a drastic reduction in the inflation rate, increased exports and a cut in imports were the main tasks facing Israel. He presented a I£653bn (£7,400m) budget for 1980-81 which has slashed social services expenditure and cut back sharply on subsidies, paving the way *for a wave* of price increases in coming months.

World Bank ready for \$65m loan to Sudan

BY JAMES BUXTON

SUDAN and the World Bank are close to agreement on a \$65m credit to help revive the country's agricultural production. The loan will be used to import machinery, spare parts, fertiliser and other goods.

World Bank loans are normally tied to specific projects. In this case however the International Development Agency, a World Bank affiliate, is to provide urgently needed foreign exchange in the form of a fast disbursing programme loan at an interest rate of only 0.75 per cent.

A Sudanese team led by the Minister of Agriculture had talks in Washington recently with the bank and the Agriculture Rehabilitation Programme Credit, as it is called, now requires only the final approval of the Sudanese Government and that of the World Bank's board.

The European Community was to have contributed \$22m of the credit but is now making this sum available for other World Bank programmes.

Many of Sudan's problems with low or declining output from existing irrigated schemes, such as the large Gezira scheme, the Rahad scheme and a number of pump schemes on the White Nile, stem from shortage of foreign exchange to import spare parts for machinery and fertilisers.

As a result pumps have broken down, canals have become silted up, farm machinery has been unserviceable at crucial times and there have not been enough essential fertilisers and pesticides.

A key condition of the World Bank credit is that the Sudanese Government should levy charges for land and water used for growing crops other than cotton on the Gezira scheme. Because charges are at present only levied on cotton farmers dislike growing this export crop and prefer growing wheat and groundnuts, mainly for local consumption.

The water charges are part of an agreement with the International Monetary Fund under which Sudan is receiving SDRs 200m over a three-year period. Although they have been imposed theoretically the charges have not been levied because of resistance by farmers.

Another condition of the World Bank Loan is that charges on all other state irrigation schemes should be studied and if necessary amended.

As a result of an IMF agreement last May, Sudan is getting substantial amounts of programme aid from other countries including Saudi Arabia which has promised \$100m *this year*. The U.S. is to provide \$40m in programme aid and another \$25m in PL480 wheat supplies. West Germany has agreed to provide DM 40m.

WORLD TRADE NEWS

Soviet Union confident of strong W. European ties

BY DAVID SATTER IN MOSCOW

THE SOVIET Communist Party newspaper Pravda said yesterday East-West trade is as important to the West as to the socialist bloc and expressed confidence that Western Europeans would not jeopardise economic ties to suit U.S. plans for "world domination."

The newspaper said that *East-West* trade in *Europe* is not a temporary phenomenon. There are 1,500 agreements on long-term industrial co-operation and turnover between the Comecon countries and Western Europe in 1978 reached \$50bn (£24.1bn).

Pravda said that orders from Comecon provided work for 2½m West European workers and this level of co-operation reflected "deep going trends in the present day international division of labour, the universal character of scientific-technical progress and the long-term interests of the partners."

The newspaper said that Western European "business and political circles" met President Jimmy Carter's decision to impose trade sanctions against the Soviet Union with "undisguised alarm." Mr. Carter's actions "disorganised markets" and "summoned panic on the stock exchanges."

Prospects for East-West trade in Europe were encouraging. Such trade could improve the fuel and energy balance for a number of countries at a time when energy is in short supply.

The potentialities of the USSR, or, for example, Poland are obvious. Oil and oil products, gas, coal, non-ferrous metals, chromium, manganese, diamonds, and similar products from the Socialist states traditionally hold a considerable place in international trade.

A "common European infrastructure" is slowly taking shape and one of its elements is the trans-European gas pipeline which carries large scale deliveries of Soviet natural gas to the Comecon countries in Eastern Europe and also to Italy, Austria, France and West Germany.

Pravda said the advantages of East-West trade in Europe are "one of the most important reserves of progress in the field of science and technology." The newspaper cautioned, however, that East-West trade is "by no means charitable activity" as the U.S. is trying to make Western European countries believe, but is mutually advantageous.

The Eastern Bloc, for its part, wants trade with the West, but does not rely on it. Imports from capitalist countries accounted for only 1.5 per cent of the national product of the Soviet Union and cannot affect the general economic progress of the country, the newspaper said.

UK, Saudis in joint freight deal

BY LYNTON McLAIN

THE International Express Company, one of Britain's major freight forwarders, has signed a joint venture agreement with Haji Abdullah Alireza and Co. of Saudi Arabia.

The agreement calls for the formation of a joint company, Alireza International Express. This is to be owned 51 per cent by Haji Abdullah Alireza, a Saudi commercial and industrial organisation, and 49 per cent by International Express.

The company will start with an initial capital of 1m Saudi riyals (£130,000). The object is to set up in Saudi Arabia a comprehensive transport and freight forwarding operation to provide a door-to-door service for Saudi Arabia's expanding trade.

The head office is to be located in Jeddah and branches are planned for Dammam—to start at the end of next month—Riyadh and Yambo, the terminal for the trans-Arabian oil pipeline.

The Saudi Alireza group of companies is already involved in joint venture with Mobil Oil, John Laing and George Wimpey and Sumitomo Metals. It is also associated with Nippon Yusen Kaisha, KLM Royal Dutch Airlines and other companies.

The International Express Company has an annual turnover of approximately £25m. This is expected to yield a gross profit of up to £4m this year based on operations from 20 sites in Britain, with a total staff of 400, including those at its headquarters at Brentwood, Essex.

The company already operates its own overland road and sea services to Turkey, Iran and Iraq. These operations will now be expanded into Saudi Arabia and other parts of the Gulf.

Rolls wins order for LPG motor

BY RHYS DAVID

THE SPECIALIST engine division of Rolls-Royce Motors in Crewe has won a £200,000 order from an Australian bus builder, Bosnjak of Sydney, for its new range of automotive gas engines operating on liquid petroleum gas (LPG) or compressed natural gas.

The initial order is for 62 engines which Bosnjak will use in its own bus fleet as well as supplying to other operators, but according to Rolls-Royce, orders for hundreds more from the southern hemisphere could now follow.

The engine is a derivative of Rolls-Royce's B range petrol engine developed immediately after the war and widely used in army, fire service and other specialist vehicles. The completely re-designed version capable of running on gas, has been on trial in the UK with a number of passenger transport authorities, in brewery and refuse collection vehicles and other delivery vehicles.

The advantages claimed for the new engine over conventional engines include a major reduction in noise and vibration as a result of its smooth running characteristic. Other benefits include better acceleration and the almost complete elimination of hydrocarbons from the exhaust ignition and a reduction in the emission of oxide of nitrogen. For this reason the engine is particularly suitable for stop-start vehicles operating in heavily populated areas.

In Australia, Bosnjak is now about to start a national marketing campaign to promote the concept of the economical, quiet and clean buses using its new chassis and the Rolls-Royce engine. In Britain, Rolls-Royce has recently appointed LPG Truck Power from Bury St. Edmunds as its distributor for the engine.

New engine offered to 707 buyers

By Michael Donne, Aerospace Correspondent

BOEING is now offering users of 707 jet airliners the opportunity of re-engining their aircraft with the new Franco-U.S. (Snecma - General Electric) CFM-56 engine, which offers lower noise levels and better fuel consumption.

For several weeks, Boeing has been flight-testing in Seattle a 707 fitted with four CFM-56s. These tests should be completed by mid-April, when Boeing will decide whether or not to proceed to full certification of the 707 with the CFM-56 engines.

That decision will depend upon the number of airlines showing interest in re-engining their old 707s to get reduced pollutant emissions, lower noise and up to 14 per cent better fuel consumption than with the existing Pratt & Whitney JT-3D engines in several hundred 707-320B and 320C types of aircraft. Each CFM-56 has 24,000 pounds thrust.

Besides the new power-plant, re-egining would need new nacelles and struts, with associated changes to the wings, flight-deck instruments and control systems. The costs would be borne jointly by Boeing and CFM-International, the Franco-U.S. company building the CFM-56.

Boeing has been obliged to consider *this re-engining* programme because of the success the CFM-56 engine has had already in older models of the McDonnell Douglas DC-8 jet airliner.

Six airlines, Capitol, Delta, Flying Tigers, Spantax, Transamerica and United, have all decided to re-engine existing DC-8s in their fleets with the CFM-56, covering 87 aircraft. The ultimate potential is 333 aircraft, either Series 60 DC-8s or Series 50s.

The engine has also been selected by the U.S. Air Force to re-engine its KC-135 tanker-transports. Boeing, which builds that aircraft, has been awarded a preliminary \$13.65m contract to start a research and development programme on the CFM-56 in the KC-135.

It is considered certain that some users of Boeing 707s will want to take advantage of the availability *of* a new power-plant because it will be cheaper than buying entirely new aircraft.

Shipbuilding orders at 18-month high

BY WILLIAM HALL, SHIPPING CORRESPONDENT

WORLD shipbuilding orders have reached their highest level for 18 months, but the pace of new orders has started to tail off.

According to Fairplay's World Ships on Order, there were 2,233 vessels on order at the end of last month, totalling 60.82m dwt. This compares with 2,171 ships, totalling 57.4m dwt, at end October, and a low point in the world shipbuilding cycle of 51.5m dwt in April last year.

More than a third of the ships on order (22.0m dwt) are tankers and 30 per cent (18.3m dwt) are bulk carriers. Over the last three months the amount of new tanker tonnage ordered (3.2m dwt) was the same as the previous quarter but the tonnage of new bulk carriers ordered fell.

Total tonnage ordered fell from 9.1m dwt in the three months ending October, 1979, to 8.5m dwt in the latest quarter.

U.S. China mission hopes for low tax rate

By David Buchan in Washington

THE PEKING Government intends to levy relatively low taxes on foreign company operations to encourage investment in China, according to a U.S. Chamber of Commerce delegation just returned from there.

Chinese *officials* are at present trying to work out an appropriate corporate tax rate, below Western levels, and Mr. John Caldwell, vice-president of the U.S. Chamber, said they had suggested a rate of around 34 per cent. The Chinese, however, expressed surprise when the U.S. delegation informed them that while the top business tax rate in the U.S. might be 46 per cent, the average was closer to 30 per cent.

Mr. Caldwell, who toured China with the delegation earlier this month, said last week he hoped Peking would now scale down its proposed levy.

This was an issue which an American Chamber of Commerce in Peking could take up with Chinese authorities. But Mr. Caldwell found the Chinese highly ambivalent *about the creation* of such an organisation because it would give U.S. businessmen in the Chinese capital "a focal point to complain."

The U.S. delegation found their colleagues in Peking still had plenty to complain about, with the Peking Hotel "a ghetto for transient businessmen," who operated out of Hong Kong; long delays in telexes, and no start yet on the proposed permanent foreign trade centre in Peking because the Chinese authorities wanted it all paid for, cash in advance.

Apart from this, Peking's "red carpet" was rolled out for the U.S. delegation, the first to visit China since the U.S.-China trade agreement was finally ratified at the start of this year. Still incomplete are negotiations for the resumption of export credit form the U.S. Export-Import Bank, but U.S. officials found the Chinese unworried by this, because they had not worked out how much finance they might need yet.

Baker Perkins press order

Financial Times Reporter

BAKER PERKINS of Peterborough has won a £1.25m order from Foote and Davies of the U.S. to supply a four-unit, G-16 blanket to blanket Webb offset press.

The press will run up to a production speed of 1,600 feet per minute. It will be fitted with the G-16 combination double chopper folder to produce both quarter page and double parallel folds. Installation at Foote and Davies' Atlanta plant is to begin in April.

● Gunson's Sortex has received a £1m order from General Mining of South Africa for a model RM61-50 radiometric uranium sorting machine for installation at the Buffelsfontein Mine.

Jimmy Burns reports on Lisbon's effort to secure oil

Portugal woos the Arabs

PORTUGAL has launched a major initiative aimed at improving its trade links with Arab oil producers.

Significantly one of the first acts of the centre-right Government since taking office last month has been to create a diplomatic post for co-ordinating and developing political and trade contacts with oil-producing countries. The post has been given to Sr. Pedro Pires de Miranda, a member of the Board of Petrogal, the Portuguese State oil company, and former head of Portugal's main EEC negotiating body, the Commission for European Integration. Sr. Miranda wasted little time in his new job with visits to Iran, Iraq, Abu Dhabi and Saudi Arabia.

The initiative received a new boost with the arrival in Lisbon yesterday of Mr. Nasser al Manquor, Saudi Arabia's ambassador to Spain. He was to meet with Sr. Miranda as well as Sr. Antonio da Silva, Portugal's State Secretary for Energy, and other high-ranking officials. Portugal does not have diplomatic relations with Saudi Arabia.

The Portuguese authorities are concerned that a lack of formal diplomatic links with many Arab oil producers is contributing to the current uncertainty over supplies for 1980. Portugal is also seeking ways of bolstering exports so as to offset the expected \$1.2bn rise in its bill for oil imports this year.

Portugal has been trying to offset the negative impact of the Iranian crisis and the reluctance of some countries to renew their contracts without considerable price increases. The aim has been to diversify sources of supply and extend present arrangements on the most favourable terms possible.

Portugal will have to import 9m tonnes of oil in 1980 to satisfy internal consumption and maintain its refineries at present production levels. Last month, the USSR, which in 1979 was one of Portugal's biggest suppliers, announced it was cutting its oil supplies by nearly half from 850,000 tonnes to 450,000 tonnes.

At the same time time, Saudi Arabia and Iraq, who last year accounted for more than 50 per cent of Portugal's oil needs, are believed to have agreed to sell additional crude only at hugely elevated prices, which the Portuguese regard as unacceptable.

As matters stand, Portuguese officials have admitted that unless a favourable agreement is reached with one or both of these countries an alternative may have to be considered in *the near future; such as the* purchase of refined crude on the Rotterdam market and a reduction of production at Portugal's main refinery at Sines, currently operating at 60 per cent capacity. The view is that this option, though drastic, could be more economical than bridging any shortfall through crude purchases on the expensive spot market.

Nevertheless officials here estimate that they still have some three to four months left in which to manoeuvre and are confident that prices, whether official or spot, could well level off for Portugal during this period. Despite this "wait and see" attitude, Portugal earlier this month stepped up the pace of its negotiations with Arab oil producers.

In an apparent strategic response to its current difficulties Petrogal has taken the unprecedented step here of clamping down on information regarding oil supplies. However, Portugal's energy board, The Direccao Geral de Energia, has released provisional figures showing that these four countries were respectively responsible for 20.6 per cent, 38.3 per cent, 3.9 per cent, and 24.1 per cent of Portugal's total oil imports in the first nine months of 1979. Significantly Portugal so far has been unable to offset the accelerating cost of oil imports and is facing a considerable trade deficit with these countries.

Trade figures for the period 1973-78—the most recent figures available—reflect the extent to which the trade gap has widened.

For instance Portugal's trade deficit with Saudi Arabia during this period increased from Es1.4bn to Es6.8bn (£12.8m-£62.3m), while that with Iraq increased from Es1bn to Es11bn. Oil in 1980 is expected to account for more than 20 per cent of Portugal's total imports bill.

Portugal currently enjoys a favourable balance only with one Arab country, Bahrain. This largely due to the absence of oil imports from that country and the high value of exported technical know-how and equipment to Bahrain from Lisnave, Portugal's major shiprepairing concern.

Principal Portuguese exports to other Arab countries include canned fish, pharmaceutical products, capital goods, and agricultural machinery.

ARTHUR SMITH INVESTIGATES THE PROBLEMS OF THE FOOTWEAR INDUSTRY

Shoe manufacturers are feeling the pinch

FOOTWEAR manufacturers are only the latest of a series of industries to warn the Government that the present monetary policy of high interest rates and a strong pound could erode the nation's manufacturing base.

The Footwear Manufacturers' Federation, which already has more than 10,000 of its 73,000 employees on short time, has warned of "the enormous handicap" placed upon industry and the labour-intensive sectors in particular.

"Industrial output is quite literally being run down, as North Sea output is being built up under present Government policies," the federation says.

For an industry already under threat from imports, the strong pound presents more difficulties by giving foreign manufacturers in difficult world markets yet another incentive to concentrate upon the UK.

Imports in 1979 rose to a record 45.5 per cent share of the UK market, and pushed domestic production down to only 150m pairs, compared with around 200m pairs ten years earlier.

The problems this year are only too apparent with the UK market expected to fall as a result of the country's economic problems and the consequent drop in consumer spending.

Imports, in the absence of quick Government action, are expected to keep rising and domestic production could fall to little more than 140m pairs. Manufacturers point out that once capacity is lost, it will be the importers who benefit when the domestic market improves.

Prosperity

The implications for employment are serious. More than 800 redundancies have already been declared this year, and the total is expected to rise to at least 1,200 by the end of March. With short-time working now prevalent, the threat to jobs is clear.

The present downturn for the footwear industry is the more dramatic because of the recovery over the past two years. The crisis confronting the industry in the last downturn, in 1974, prompted the Labour Government to set up an inquiry, which led to the formation of the present "little neddy." The body is unique in that the retailers are represented, as well as manufacturers and trade unions. The retailers and distributors, of which British Shoe Corporation is by far the biggest, are thought to have an important influence upon the manufacturers.

Investment stimulated by a Government aid scheme coupled with near-record sales of footwear, led to a period of prosperity, involving extensive overtime working.

Last year's pre-budget spending spree gave another lift, but by late autumn it became clear that the market was on the turn.

Making footwear at Rushden, Northants.

The increased rate of Value Added Tax and the rapid rise in the price of leather took its toll on sales. Unexpectedly mild weather has hit winter demand and left many distributors overstocked.

Given current interest rates and the extent of economic uncertainty, retailers are likely to keep stocks to the minimum and order mainly for the short-term.

The UK industry, which over the past decade and more has become used to the threat posed by cheap imports from the developing countries, has responded well over the past 18 months by moving up-market into quality shoes, where its strength is greatest.

But it is in that up-market area that the competition has become greatest, either because of unfair pricing, as is alleged against Brazil, or because of the appreciation of sterling.

The 1980 report of the economic development committee for the footwear industry, published yesterday, points out the dramatic growth in sales by quality manufacturers, such as Italy, France, Spain, Portugal and Brazil. Those five countries alone accounted for 80 per cent of all imports by value in 1978.

And the trend continued last year, with Italy increasing its sales value by 30 per cent, France by 23, Spain by 20, Portugal by 42, and Brazil by 129 per cent.

It is against the background of such statistics that the manufacturers are warning the Government about the handicap posed by a pound whose value is "completely unrealistic."

Appeals have already been lodged with the Department of Trade for import restrictions against Brazil, Czechoslovakia and Poland, countries where pricing is alleged to be unfair.

In the case of the two Comecon countries, where voluntary restraint is already imposed, the Federation complains that Poland and Czechoslovakia copy British designs and sell shoes at cut prices, which disrupts the whole market for certain types of product.

The federation is also preparing cases against imports from Portugal and Spain.

But the basic grievance of the industry is articulated by the "little neddy" report published yesterday. It complains: "Conditions in international markets are seriously distorted by protectionism. More than 75 per cent of the world's footwear producing nations operate behind significant tariff and/or non-tariff barriers, and the UK industry is, therefore, prevented from attaining a level of performance which would accord with its true competitive position."

The committee draws particular attention to the tariff increases imposed recently by *Australia*, the introduction of import licensing by Canada, and the sudden complete closure of the Nigerian market.

Even more serious in terms of the industry's future prospects, it says, is the possibility of action by the U.S. Government to restrict imports of leather footwear. "Measures such as these not only reduce the potential outlets for UK exports but also increase the pressure on the remaining 'open' markets, as supplies are diverted to them."

The committee argues: "In the absence of meaningful progress towards the dismantling of tariff and other barriers, which are presently inhibiting the free flow of world trade in footwear, the EEC should take the initiative in negotiating with other footwear-producing nations an orderly marketing arrangement along the lines of the MultiFibre Arrangement for the textile clothing industries."

A deputation representing retailers, manufacturers and trade unions from the footwear industry is due to put its case tomorrow to the Department of Industry. The speed of the Government's response to this latest crisis, they are to claim, will determine whether one of Britain's traditional industries can remain viable.

Strong recovery seen for 1982

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

BRITAIN FACES a sharp but short recession followed by a strong recovery in 1982, Economic Models, the London-based international forecasting group, says in its latest medium-term analysis published today.

The group expects a 2 per cent drop in total output, measured by real Gross Domestic Product, this year compared with 1979. In this it is in line with many other forecasters.

However, a recovery should begin next year with a rise in output of 1.4 per cent, followed by growth of 3.2 per cent in 1982.

'Strong investment'

Economic Models said expansion in 1982 will be caused by strong investment as interest rates decline and profits rise. Exports growth should also increase, helped by the expansion in world trade and a falling pound. Consumer spending should rise in response to a decline in the rate of price inflation.

The group is not as pessimistic about inflation as some other forecasters, and this accounts for most of its less gloomy view about the overall medium-term outlook.

The annual average rate of consumer price inflation is expected to peak this year at 17.3 per cent. It is expected then to *decline* over the next three years, from 14.4 per cent, through 11.3 per cent, to 10.5 per cent in 1983.

This reflects the assumption of a slower rate of import prices and also a moderation in the rate of increase of import prices.

Unemployment is expected to continue rising, because high labour-supply growth will not be matched by rising employment. However, the recovery of 1981-82 should mean that the 2m unemployment level will not be reached until 1984.

Economic Models said the problem is that demographic trends will ensure a growth of the labour supply which could not be matched even by the most optimistic assumptions about rising employment.

The group described the problem as structural, and said part of the answer could be more efficient retraining and higher labour mobility.

Contest record

A RECORD total of 771 entries has been received for the beer and lager competitions to be held at the International Brewing, Bottling and Allied Trades Exhibition in Birmingham next month.

No sale for Meccano

HOPES FOR the sale of the Meccano factory in Liverpool were dashed yesterday.

An offer for the plant had been made to Mr. Ralph Ehrmann, chairman of Airfix Industries, which owns Meccano, by Mr. Neil Gough, a Canadian businessman acting on behalf of an unnamed Canadian investment group.

Mr. Gough visited the Meccano factory on Friday when he held discussions with the unions.

Airfix said yesterday that it had not reached agreement with Mr. Gough on the sale of the factory and the Canadian offer had been withdrawn.

Mr. Ehrmann said "I am sorry that we have not been able to reach an agreement but the stock alone is worth considerably more than the total sum I was offered."

Workers at the Liverpool factory are still holding a sit-in with only a few days left before their 90 days' redundancy notice expires on February 28.

Price of Lada cars to rise

THE PRICE of Russian-built Lada cars is to rise by an average of 6.8 per cent on March 1, the first increase for more than six months.

The cheapest saloon, the Lada 1200, goes up from £2,280 to £2,460 while at the top end of the range the Lada 1600 ES saloon will rise by £149 to £3,499. The four-wheel-drive Niva goes up from £4,273 to £4,570.

Lada's on-the-road price supplement, covering number plates, delivery charge and a year's road tax, remains unchanged at £131.

Lada is also introducing to the UK a low-priced version of the Lada 1300 saloon to replace the more luxurious ES model.

CONTRACTS

£1m diving suits for the Services

A zip entry dry diving suit developed by Avon Industrial Polymers (Melksham) has been selected by the Ministry of Defence (Navy) to meet its total operational requirements for up to three years. The order, which could ultimately be worth more than £1m, covers supply during 1980 plus an option for the following two years. The suits, which have a special across-the-shoulders zip entry instead of the traditional neck entry point, will be used by the Royal Navy, the Royal Marines and the Royal Engineers. This year's requirement is for 2,500 suits and similar numbers may be needed in 1981 and 1982.

★

Gatwick-based Air Europe has awarded a £1m contract to **DAN-AIR ENGINEERING** for long-term maintenance support for two new Boeing 737-200 jets due to be delivered to the airline in March, 1980. The contract starts on April 1 when Dan-Air Engineering will provide base maintenance and spares for Air Europe at its engineering base in Lasham, Hampshire and line maintenance in Manchester, from where the airline also operates regular services.

★

GEC TELECOMMUNICATIONS has received £700,000 orders from the Post Office for digital multiplex equipment for telecommunications transmission.

★

CRYOPLANTS, Edmonton, North London, has received a £2m order from Consolidated Industrial Gases Incorporated (CIGI) in the Philippines for a 75 tons/day oxygen plant and a 150 tons/day nitrogen liquefier. The plants are to be installed at Laguna, south of Manila, and are scheduled to come into operation in 1981.

★

The Metropolitan Borough Councils of Bolton and Bury have placed an order worth about £700,000 with **ICL** for a computer system to be installed in the fourth quarter of 1980. The two neighbouring authorities operate a joint computer unit.

★

CROW OF READING has been awarded a £643,000 contract by Kenextel (The Kenya External Telecommunications Company) for two broadcast television switching control centres. The contract covers the design, installation and commissioning of these centres, and supply of the switching, monitoring and signal processing equipment used.

★

One of the most ambitious distributed processing systems to be installed in the UK is now being implemented by **DATA LOGIC** for Express Dairy Foods under a turnkey contract worth almost £500,000. It incorporates a total of 27 computers situated throughout the country. The system, which will serve 13 factories and 27 distribution depots, is based on 11 Data General Nova 3 and 16 Data General Nova 4 minicomputers, with a large number of visual display terminals and printers.

★

REDIFON TELECOMMUNICATIONS has received an order from the MOD (PE) to supply Sealand 66 radio telephones worth nearly £250,000 to the Royal Navy. They will be fitted on a variety of surface craft and will ensure that naval vessels have a full communications capability enabling them to maintain direct contact with merchant or fishing vessels, tugs, coast stations and harbour authorities on the international VHF marine band.

★

West Sussex county council has awarded a £224,000 contract to **SOUTHERN COUNTIES CONSTRUCTION** to build a reinforced concrete box underpass under the new A24 Southwater by-pass. The 32-metre long underpass, is 4.5m x 5.5m internally and together with 1,000 metres of 4-metre wide metalled road, will provide access to Stakers Farm and the Southern Water Authority's new sewage works, where the proposed new by-pass crosses the line of a disused railway.

★

A contract worth nearly £200,000 for mobile radio equipment has been awarded to **PYE TELECOMMUNICATIONS** by Strathclyde Police. The order includes more than 400 portable two-way radios and a number of "Olympic" mobile units to be vehicle-mounted.

★

Rolls-Royce Motors has placed an order worth £200,000 with **AIR INDUSTRIAL DEVELOPMENTS** for eight new low-bake paint spraybooths. Of the eight booths being supplied, four have integral side ovens for paint drying, three are combined booths and ovens permitting the drying operation to be performed without moving the vehicle and one is an in-line booth with oven. All are gas-fired and approved by the Health and Safety Executive.

★

Orders for **COMPUTER MACHINERY COMPANY'S** Reality Royale mini-computer/management information systems from four District Councils in Devon total £529,000. Currently the four (Mid-Devon, North Devon, East Devon and Teignbridge) are using, together with several other organisations, main-frame computers in Exeter, Torbay and Plymouth. Now each will have a machine dedicated to one District Council's work. Terminals liked to the mini-computers can be distributed among local offices in the district.

Government plans aid for Coal Board

BY MARTIN DICKSON, ENERGY CORRESPONDENT

FINANCIAL assistance for the National Coal Board, including relief on its heavy interest burden, is expected to be announced by the Government in the next few weeks.

A Bill is in the pipeline which would defer payment of much of the interest due on capital the NCB has borrowed from the Government.

It would provide additional financial incentives for miners to move from exhausted pits to new ones.

The NCB is investing £500m a year in development of new coalfields, such as Selby in North Yorskhire, and modernisation.

While these investments have not yet paid off in improved profit margins, the NCB faces a high and rapidly increasing burden of interest payments to Government.

It paid out £158m in the 1978-79 financial year. The figure is expected to top £200m this year.

The Government has been deferring some interest payments, but these have been relatively small sums—£14.4m in 1979.

The new Bill is expected to allow for a major expension of this relief, at the discretion of the Government, possibly to the point where the NCB will not start carrying the full rate of interest on loans until the projects are completed.

The Government has apparently rejected a proposal by the NCB for a new method of funding public dividend capital. This is public money which differs from loans in being repayable by negotiation between Government and industry, rather than in fixed annual amounts.

Deferring of interest payments could work in a similar way to public dividend capital.

The Government expects the NCB to adopt a tough approach to the controversial question of closing old pits which have heavy losses. The Coal Board often faces strong opposition in such cases from miners' unions.

It is hoped to encourage a smoother flow of labour from old pits to long-life ones by providing greater removal grants to miners.

The Bill may make provision for a boost to the NCB's relatively modest redundancy payments.

The new Archbishop of Canterbury, Dr. Robert Runcie, on the steps of St. Paul's Cathedral in London after his confirmation as the 102nd archbishop and Primate of All England.

HAZEL DUFFY ON THE BID FOR FAIREY HOLDINGS

The NEB's controversial asset

THE £19.5m cash offer from Hambros Bank for Fairey Holdings has again plunged the ownership of the group into controversy.

When the National Enterprise Board paid £18m for Fairey, just over two years ago, there was considerable anger on the part of Trafalgar House which was anxious to buy the group.

Since then, various companies, both British and foreign, have made it known to Fairey, the NEB and the Department of Industry that they are still interested in Fairey. Most, however, want only a part of the group to fit in with their existing interests.

Fairey's board of directors, which has been appointed since the takeover of the company by the NEB, has always maintained that it wants the company to stay together rather than be sold off in separate parts.

Ideally, the board would have favoured three years under the NEB, when it would be protected from predators, followed by a flotation of all or 50 per cent of Fairey shares when the group's profit record would have made it attractive to private investors.

This plan was put in jeopardy with the election of the Conservative Government, which originally required the NEB to raise £100m by the end of the 1979-80 financial year from the sale of assets.

It was never publicly stated that Fairey was one of the assets, but along with the stakes in ICL, Ferranti and Brown Boveri it always looked like one of the NEB's saleable assets.

Sir Leslie Murphy, then chairman of the NEB, sought City advice on the possibilities of floating Fairey shares last June. He was told that the state of the stock market did not bode well for the debut of a company which had only a one year profit record.

In September, Sir Leslie asked Mr. Angus Murray, chairman of Fairey, to investigate the idea of putting together a consortium of institutions.

On November 12, Mr. Murray, who has good connections in the City as well as the engineering world, informed Sir Leslie that such a consortium was emerging as a possibility and received Sir Leslie's tacit approval for what he was doing.

Then came the resignation of the NEB board, followed by Sir Arthur Knight's appointment as chairman. At the end of November he also appears to have agreed the course being pursued by Mr. Murray with the help of Hoare, Govett.

Meanwhile, it appears that Hambros Bank was also considering the possibility of making an offer for Fairey, a fact which only recently became known to Hoare, Govett and Mr Murray.

It was suggested that, rather than having rival bids, the two get together. They did so, and the £19.5m cash offer arrived on the desk of Sir Arthur Knight.

Those institutions which have demonstrated interest to the sponsors of the offer include Sun Life, Prudential, the pension funds of the National Coal Board, the Imperial group and BP, ICFC, Equity Capital for Industry, and Thompson Clive. The electricians' and plumbers' trade union (EETPU), is also understood to have shown an interest.

Any disposal by the NEB has to be approved by the Secretary of State for Industry. The urgency of the disposal, however, has been alleviated to some extent by the announcement by the Government early last week that it was no longer necessary for the NEB to raise £100m by the end of March.

Fairey was bought by the NEB because of its potential as an instrument for restructuring parts of the engineering industry, particularly those associated with Fairey Hydraulics.

Fairey also has interests in nuclear engineering and high-speed marine equipment, all of which have attractions for other groups. Its basic money-spinner, however, is Fairey Engineering, the Stockport company which makes military equipment and particularly bridges for the British and foreign armies.

In its two and a half years under the NEB, it has managed to slightly increase its profitability. In 1978, it made a profit of £5.2m before tax, and in 1979 (the final figures are still being audited) a similar figure is expected.

More important, however, is that it has set about rationalising its structure by closing and selling off those interests which are superfluous to its strategy and expanding key activities. Recently, for example, it bought a Dutch manufacturer of filter equipment and set up a sales outlet in the U.S.

This policy of concentrating on high technology, which has been entirely self-financed, had the support of the last Government. With the present Government's emphasis on reducing the role of the NEB and allowing industry to find its own level from which to diversify into high technology, the logic of being under the NEB's wing is far less clear.

Furthermore, the new guidelines of the NEB, incorporated in the Industry Bill, will specifically encourage the NEB to return assets to the private sector.

Builders must pay large costs bill

TAYLOR WOODROW Anglian, building contractors, must pay two-thirds of the legal costs over the Ronan Point tower block disaster 12 years ago, a High Court judge ruled yesterday.

The case, estimated to have cost at least £250,000, was one of the most expensive High Court actions in recent years.

Last December, after a 41-day hearing, Mr. Justice O'Connor ruled that Taylor Woodrow were in breach of contract and that the London Borough of Newham was entitled to recover from the company part of the cost of repairing the damage to Ronan Point.

Part of the 22-storey building collapsed after a gas explosion in a flat in May, 1968.

Government 'should allow intervention'

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

A CALL for the Government not to oppose intervention in industry and accept the need for a direct involvement in the development of new technologies was issued last night by Mr. Geoffrey Chandler, director general of the National Economic Development Office.

He told the Glasgow Chamber of Commerce that the Government should develop a "more positive industrial policy" and introduce legislation laying down minimum standards for employee consultation.

This is the third time in five months that Mr. Chandler has criticised the Government's non-interventionist policies and, especially those of Sir Keith Joseph, Industry Secretary. Ministers have noted his speeches in the past but have neither remonstrated with him nor backed him.

The role of Government—particularly at a time of recession—should be central to the creation of a better industrial capability. Overseas competitors offered more "cohesive support to industrial activity" in their countries, said Mr. Chandler.

"In the application of new technology, and the development of a UK supplying capability, the right decisions will, in the end, be made by companies and individuals, not by governments or committees. But both the direction of these decisions and the chance of their success can be influenced and assisted by government."

An industrial policy should include support for research, development, and training. This would require a judgment about those areas of new technology where the UK could not afford to lag behind, such as automation, robotics, information systems and micro-technology.

There was also a need for a more effective use of public procurement, said Mr. Chandler, referring to an area of Government intervention of which Sir Keith is in favour.

Sasse fails in early action bid

By John Moore

AN APPLICATION by 38 members of the stricken Sasse underwriting syndicate to have preliminary issues of their action against Lloyd's of London tried at an early date failed yesterday after lawyers representing both sides met in chambers before Mr. Justice Mustill.

The earliest date for a full trial is January 22, 1981.

The 38 members of the 110-strong syndicate suing Lloyd's and a number of underwriting agents are disputing their liabilities on a large part of the £20.2m losses that have fallen on the syndicate.

Lloyd's lawyers said yesterday that the way the preliminary issues had been defined by the syndicate meant that they could not support the ... tion.

'In breach' claim

It has been alleged that Lloyd's was in breach of its obligations to the syndicate. Members of the syndicate have claimed that underwriting was done on its behalf, but that underwriters in the U.S. and Canada had not received proper approval from Lloyd's, or their insurance business had not been properly processed by the Lloyd's policy signing office.

They are also claiming that they did not receive proper information about possible breaches of their premium limits for the 1976 and 1977 underwriting years. The excess over the limits, it appears in the 1976 underwriting year, was to the order of 400 per cent.

Keep status quo, says Borders

Financial Times Reporter

REPRESENTATIONS are being made to the Government requesting continuation of development area status for Scotland's Borders region.

The local authority is also to ask that machinery grants be maintained to keep existing industry competitive. This applies particularly to textiles, electronics, and fish and food processing.

Mr David Douglas, director of Physical Planning and Development, said the Government's regional development strategy was to concentrate solely on areas of high unemployment and urban deprivation to the exclusion of others.

"In the past, rural depopulation has been recognised as a similarly grave problem which must be resolved," Mr. Douglas said.

"The withdrawal of development area status is yet another action which discriminates against rural areas, such as the Borders.

"It does not recognise the major problem of rural deprivation, which inevitably leads to depopulation; the demise of villages and a further weakening of the whole socio-economic structure."

BSR lays off 1,200 workers

By Elaine Williams

BSR, the UK record-player company, is retrenching 1,200 workers (300 permanent, the rest part-timers) because of falling sales.

BSR's 8,000 employees have been on short-time for a year.

A fall in sales to the U.S., which accounts for 70 per cent of BSR's production, caused the company's problems.

More than half the redundancies will be at BSR's Stourbridge plant, the rest from three factories in the West Midlands. However, a four-day week will be worked after the redundancies, because the U.S. market shows no signs of improving.

UK shipowners want a new advisory body for ports

BY WILLIAM HALL, SHIPPING CORRESPONDENT

BRITISH shipowners are pressing the Government to set up another statutory advisory body for ports. The move comes only ten weeks after the Government announced it was abolishing the National Ports Council in line with its policy of reducing the number of "quasi-autonomous non-governmental organisations"—Quangos.

In a memorandum on the redistribution of the functions of the near-deceased National Ports Council, the General Council of British Shipping says it is essential that a statutory advisory body should be established, so that port users can voice their views about port efficiency.

It would be similar to the statutory user committees established for other nationalised industries and would be serviced by a part-time secretary from the Department of Transport.

The GCBS suggests that the committee should be kept small, and could consist of two representatives from the ports, two from the GCBS, one from the CBI and one from the Freight Transport Association.

The terms of reference might be: "to consider major questions relating to the efficient operation of the reports and to report from time to time to the Minister."

While market forces should be the predominant means of controlling the country's ports the GCBS believes there is a need for a national body to consider broad issues such as the amount of competition between UK ports and those on the Continent.

The GCBS says it is essential that there should be an independently audited comparison of the performance of ports.

The British Ports Association—the trade association of the ports—which is going to assume some of the responsibilities of the National Ports Council, has resisted attempts to compare the individual performance of ports.

The GCBS memorandum will be discussed at a meeting of the National Ports Council today. The CBI and the Freight Transport Association both argue that there should be a special body to help represent port users' interests but do not go as far as the GCBS in calling for another quango.

The CBI would like a Ports Liaison Council to be set up jointly by the British Ports Association and the shippers and shipowners. It would be independent of Government and would not have statutory status.

Block grant alternative for councils

By Robin Pauley

THE FIRST of a series of regional meetings to mobilise support against Government plans to alter the system of funding local authorities was held in London yesterday.

The Association of Metropolitan Authorities explained its alternative plans to the proposals for a block grant system at a meeting of council leaders and treasurers from London.

Sir Godfrey Taylor, chairman of the association, said the Government's sweeping proposals meant local government would become little more than a local agency for central government.

He urged all the representatives to lobby their local MPs and impress on them dangers of the proposed system, which is set out in the Local Government Planning and Land Bill now in Committee Stage in Parliament.

The association will hold similar meetings in Birmingham, for the West Midlands, tomorrow; Wakefield, for Yorkshire and Liverpool, on Monday; Newcastle on Tyne on March 5; and Manchester on March 12.

Mr. Michael Heseltine, the Environment Secretary, said recently that he would consider alternative proposals to the block grant system if the local authorities produced a scheme which met all of the Government's requirements. He doubted if this was possible.

Date set for $23.6m claim against Lloyd's market

BY JOHN MOORE

A MOTION by Federal Leasing of the U.S., the computer leasing company, seeking an injunction for payment of $23.6m (£10.4m) in insurance claims from 55 Lloyd's of London underwriting syndicates, is to be heard in the U.S. courts on March 14.

Federal Leasing is suing the syndicates for a total of $628m (£276m), most of which is a claim for damages. The action, one of the largest to be launched against the Lloyd's market, involves disputed computer-leasing insurances.

Federal's lawyers claim that unless the company receives immediate payment, "it will cease to exist and will lose the ability to prosecute its claims at all."

Federal is seeking recovery of its insurances to discharge its obligations to the banks and other financial groups which backed its leasing operations. Two of the backers are also seeking a preliminary injunction against Lloyd's underwriters.

The computer leasing policy protected companies when customers terminated their leases before the contract date. If they did, the leasing company could claim on its insurances and cover its obligations to its backers.

Such a situation arose when new IBM models came on to the market rapidly in 1978 and 1979.

Over 14,000 claims have flooded into the Lloyd's market, amounting to £156m, according to the last official estimate, the largest in the market's history.

Electric cars go on display

AMONG ELECTRIC cars displayed at the IEA-Electrex Exhibition, which opened yesterday at Birmingham's Exhibition Centre, is "the latest step towards a mass-produced vehicle for the 1980s," the EV-IC, which can travel 60 miles at 40 mph.

Police recruit in Scotland

A TEAM of six Metropolitan Police officers is to visit 12 Scottish towns seeking recruits to London's police force.

The team will be visiting job centres in the 12 towns on March 3 and 4.

Decline of High Street chemists 'is slowing'

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE RATE of decline of the small High Street retail chemist is slowing, according to a survey by the Nielsen market research company.

The survey shows that while the net reduction of small chemist shops reached a high point in 1975, 288 closures in one year, the net reduction last year was estimated at under 100.

There was a net reduction of 78 chemists in the first 10 months of 1979, which suggests the annual reduction will have been about 94. In 1978 the reduction was 108 shops.

This brings the total number of High Street chemist shops, as of last October, to 10,623. In 1972 there were some 11,924 retail chemists.

The basic reason for the decline is the inability of small chemists to compete on pricing with larger competitors, such as Boots, Superdrug and Medicare and the supermarkets.

All these multiples sell cosmetics and toiletries at prices well below those charged by the small chemist.

The multiples' higher volume of trade enables them to offer lower prices by reducing their profit margins as well as securing bulk-buy discounts from manufacturers.

The Nielsen research shows that of the nine most popular branded toiletries over 40 per cent of sales are now concentrated in the hands of the major multiples and supermarkets.

Moreover, the chemists' traditional role as the clearing house for film processing has been eroded by film-processing companies seeking wider outlets, as well as greater use of mail order.

The Nielson report suggests that small chemists still have a strong position in some markets, such as health and beauty products, where they can offer a personal service as well as stocking different sizes and ranges.

"Building on these strengths will play an important part in the future of the profession," says Nielsen.

● NEWS ANALYSIS — PETROL PRICES

'Sloppy' market till autumn

BY SUE CAMERON

PRESSURE TO increase petrol prices in the UK because of Kuwait's decision to cut oil supplies to Shell, British Petroleum and Gulf is likely to be offset by other factors.

Shell, one of the two leaders in the UK petrol market, obtains about 40 per cent of its British crude oil requirements from Kuwait.

BP ranks third in that market and is likely to be hit harder than Shell by Kuwait's planned cutback, Kuwait accounting for some 15 per cent of BP's worldwide crude liftings compared to about 10 per cent at most, of Shell's total supplies.

Kuwait intends to cut its crude production rate by 25 per cent, reducing it from 2m b/d to 1.5m b/d. The brunt of the reduction will be borne by Shell, BP and Gulf.

The cutback in supplies should mean that UK motorists can expect another rise in the cost of their petrol.

For companies like BP, Shell and Gulf will be forced to make up the shortfall by buying extra crude on the highly-priced spot market. For example, Kuwait's current contract price for crude is $27.50, while on the spot market the same oil is being sold for about $35 a barrel.

Yet the beginnings of the recession in Europe and the mildness of the current winter have resulted in an abundance of petrol now in the UK. As a result a small-scale price war is starting in some areas.

The oil companies are constrained from making the obvious move of reducing supplies to the UK petrol market. This would enable them to head off a price war at the pumps while at the same time easing pressure on their crude supplies.

However, refineries can only produce a mix of oil products, including fuel-oil, heating-oil, aviation fuel and diesel-oil, as well as petrol. The oil majors could only reduce the amount of petrol they made if they also cut production of other oil products. The need to build up stocks for next winter precludes that action.

Another factor working in favour of UK motorists is the time it takes for a cutback in crude production in the Middle East to be felt in North-West Europe.

Kuwait does not plan to reduce oil production until the beginning of April. A tanker voyage from Kuwait to Britain usually takes about 35 days and UK refineries usually have between 70 and 80 days' of oil stocks.

The effect of a cutback would therefore not show itself in terms of higher prices or tighter oil-product supplies until August at the earliest. By this time the oil companies' stockpiling would be in full swing.

The UK petrol market is therefore likely to go on being what oilmen call "thoroughly sloppy" until this autumn at least. Some senior oil company executives believe a price war—albeit a small one—is not improbable.

However, cuts in crude production by countries like Kuwait may force the big oil companies to prune further their third-party sales—those to customers who are not their subsidiaries. They may, for example, reduce oil sales to national electricity-generating stations.

The UK's Central Electricity Generating Board has started using more coal to generate power, partly because of the price advantage and partly because of last year's difficulties in obtaining adequate oil supplies. A similar trend is developing in other European countries.

This is the kind of business the oil majors could drop without too much hardship, which they might well be on the verge of losing anyway.

The majors do not seem to believe that Kuwait's planned cut should be seen as an aggressive move against the West in general or against more profligate motorists.

They think that, if anything, Kuwait, a traditionally moderate member of the Organisation of of Petroleum Exporting Countries, is trying to forestall some of the more hawkish oil-producing States. According to this view, Kuwait is partly trying to anticipate the possibility that a recession in the West would lead to a large drop in overall demand for crude oil. Some OPEC members would react by cutting their production severely to maintain their prices.

Kuwait is believed to have started planning its cutback, in the interests of oil conservation, 18 months ago, before the revolution in Iran. But a reduction in output now could have the effect of discouraging even greater cuts by other OPEC members, later this year.

Meanwhile, the UK motorist can relax a little. Petrol prices may rise again soon but they are more likely to go up as a result of the forthcoming Budget than in response to actions by Kuwait.

Victoria Cross of 1917 fetches £8,800

SALEROOM

BY ANTONY THORNCROFT

A VICTORIA CROSS, awarded in 1917 to Private Horace Waller of the King's Own Yorkshire Light Infantry, was sold at Christie's yesterday for £8,800. This is the going rate for a "good" VC, which this one was in terms of condition and the bravery which earned the honour. It was acquired by Spink, which pays an extra 11.5 per cent in buyer's premium and VAT.

Other high prices on the first day, totalled £41,978, of a coins and medals sale were £3,000 for a Bulgarian Order of about 1910, that of St. Alexander; £1,700 from Baldwin for a group of three lifesaving medals, including the Albert Medal in gold, awarded to William Beith for his efforts at the Tynewydd Colliery disaster in the Rhondda in 1877, and £1,650 for a group of Orders and medals awarded to A. de C. Williams between 1908 and 1946.

A rare St. Louis cruciform carpet ground paperweight sold to a New York dealer for £5,200 at Sotheby's yesterday in a French glass and paperweight auction. A Clichy moss ground patterned millefiori weight went to the same buyer for £4,200. Among the books Liber Cronicarum, printed at Augsburg in 1497 with many woodcuts, made £1,350.

Top prices at Christie's South Kensington were £2,400 for a 103-piece canteen of cutlery, with the Silver Jubilee hallmark and, among the watercolours, £1,400 for Temple Bar, by Louise Rayner.

THE JOBS COLUMN

So you want to have yourself tested . . .

BY MICHAEL DIXON

THE PAST WEEK'S mail and telephone calls bave supported a belief which the Jobs Column bas held tentatively for a long long time. It is that, before leaving education, people in the United Kingdom generally put less consideration into choosing a personally suitable *line of work* that is likely to last for 40-odd years, than into planning a holiday that will lest *for a fortnight*.

Since I wrote 12 days ago about what I and one of several acqnaintances learned as a result of having our aptitudes and so on tested, dozens of inquiries have arrived. The people making them are aged from 20 to 45 or so, and most of them want to know the address, and the charges, of the Independent Assessment and Research Centre, which I just happened to mention in the column on St. Valentine's Day.

The majority of inquiries have come from people wbo are in mid-career, and are now being tantalised by the thought tbat they might perhaps do better to change their line of work. Thia is not to say that they have so far lacked success. Most seem to bave done pretty well. The following query is just one example:

"Where would yon send a middle aged (38) fairly successful commercial accountant to see whether he has been in the wrong job all hls life or is suffering from early onset of the male menopause or somelhing? I mean, why this craving for pig-farming suddenly?"

Having been asked effectively the same questlon by so many readers, I am going to enswer it now. But before doing so I am anxious that people interested in undergoing the—justly named—"battery" of tests of their reasoning powers and other aptitudes, their personality and their interests, should promise to consider the points whicb I shall make later.

The Independent Assessment and Research Centre lives at 57, Marylebone High Street, London, W1. Its telephone number is 01-486 6106, and its head is Dr. Ken Miller.

The usual drill is that people going to the centre on their own initiative take the tests during one of the regular group sessions, whlcb last for a good two-thirds of a day.

Advice

When they have gone away, the centre's ataff examine the test results and, normally within a week, ask the customers to return for an individual interview to hear and discuss tbe apparent outcome. Where appropriate, they are given information enabling them to follow up on their own account any new lines of investigation whicb the exercise bas suggested. The customers also have the rigbt to return again within the ensuing year for a further consultation.

The cbarga to people going on their own acounl is £61 if they are in full-time educatinn, and £74.75 for other adults. Both figures are inclusive of value added tax.

Now to the points for consideration, the first of which takes the form of a story told to *me* a while ago by an eminent woman psycbologlst, for long a specialist ln testing. For many yeara she has been married to an equally eminent man psycbologist who is also an experienced specialist in testiog. I suppose one might call it a marriage of tried minds.

The Saturday night befnre she told me the story, she had been with her husband at an apparently somewhat formal party. At one point while they were chatting to some other guests, he—being evidently sober—suddenly pulled from his pocket a length of string and used it to perform a party trick.

"I swear to you on my record as a professional psychologlst," she said, "that if you had asked me befnrehand to name to you the tast thing that my hushand would ever dn, I would have speclfied a party-trick.

"And if I can't be absolutely right about a fellow psychologist whom I've been working and living with for years, there'e going to be a considerable margin for error in my judgments of people whom I meet for only about a 90-minute interview, even thougb I have seen the results of tbeir tests."

The other *proviso* is the product merely of my own reflection. It concerns the time wben, after *taking the tests*, the person is trying to draw up a list of new lines nf work which the results *suggest might* be worth considering. Obviously, it ls desirable that the range of possibilities should be as hroad as is senslbly consistent with the test results.

Bearing in mind the abovementioned margin for error, I fell that the best approach tn drawing up the list is to give nneself tbe benefit of the doubl.

Tbis means avoiding restricting the *list* to *activities* which require the things that the tests indlcate one to he good at. Instead, the possibilities should be expanded to include any activity *not* requiring things which the tests, in the ligbt of subsequent thougbt, convincingly show nne to be bad at. And in deciding what amounts to adequately convincing evidence, one should remember that the problem of becoming an adequate darts player is not insuperahle if the person concerned bas either (a) no arma, or (b) no sight, but only if be or sha suffers from both deficiencies.

There remain two footnotes to this column's discussion of testing.

Views wanted

First, I am sad to say that none of the readers who have *responded* to the February 14 article has supplied information of the kind it appealed for. This is the views of people with lengthy and successfnl experience in various different lines of work, on basic abilities which their particular type of job requires, but which are not necessarily evident to someone who has not done the job.

I know that supplying such information requires careful thought and burdensome writing. But the lack of it hampers the efforts of careers advisers generally to achieve something whicb is in everybody's interesls — to improve the quality of advice available so that there is a far better chance nf *the* country's *most* responsible jobs being done by the people best equipped to dn them. That improvement is to my mind at least as important to the well being of this country, as *in* any other development. So, please, let's be baving you, and soon.

If readers will this time *shake* themselves up a bit and supply the information required, I will put It forward for more general consideration in future Jobs Columns. Naturally, I guarantee not to identify the people who supply it, unless they give me specific permission lo do so.

The aecond footnote concerns a long-standing problem about testing. It is that most of the tests now used are adeptations of measuring devices which were first developed a long time ago, and often for purposes other than determining wbat jobs people are likely to succeed in. Several of the tests, also, were standardised originally, not on British people, but on Americans. And the two do not necessarily react to the same things in the same way.

As it bappens, a new series of tests directed towards assessing people's suitability for different kinds of work, and standardised on Britons, has lately been developed hy two UK psychotogists, one of whom is the man wbo did the party-trick.

Any day now, I sball be submitting myself to the new test which is *designed* to *show* whether a person is suitable for a managerial job. When the agony is nver, I will report on the experience even if — as I would lay odds will be the case — *I fail miserably*.

UK NEWS—PARLIAMENT and POLITICS LABOUR

Strike cost 'exceeds £450m'

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE COST of the steel strike exceeds the £450m made available to the British Steel Corporation under the cash limits for the next financial year, Sir Keith Joseph, the Industry Secretary, told the Commons yesterday.

Answering questions as the strike was about to enter its ninth week, he warned that even more jobs might be lost in the industry if it continues.

It was more essential than ever that the BSC should break-even by every means necessary. This included the possibility of disposing of some of its assets, an attack on overheads and stocks "and of course, further loss of jobs if that becomes necessary."

Sir Keith and his junior Ministers once again came under Labour attack over the Government's handling of the strike. He re-emphasised that the Government will not intervene and will not make more taxpayers' money available to get a settlement.

During the exchanges, Ministers indicated that the Government would like to see a ballot of steelworkers. They also voiced their opposition to the TUC's proposal for a one-day national stoppage for workers to demonstrate against the Government's industrial policies.

Sir Keith said that he had full confidence in Sir Charles Villiers, chairman of BSC. Mr. John Silkin, Labour's industry spokesman, claimed that in September Sir Charles had warned Sir Keith of the possibility of a general strike.

But the Industry Secretary replied that although the chairman had warned there might be a steel strike he had not mentioned a general strike.

"The longer the strike continues, the greater will be the import penetration," Sir Keith said. "I can't begin to guess what effect the strike — let alone a longer strike—will have upon the market-share of the BSC. I hope the steelworkers are alive to the dangers."

If the corporation did not increase its productivity "the reduction in the size of the industry would have to be even greater than now."

Mr. Anthony Wedgwood Benn (Lab., Bristol S.E.) wanted to know whether Sir Keith accepted any responsibility at all for maintaining a viable steel industry.

Sir Keith told him: "It is in the interests of the steelworkers that the industry should get back to work as soon as possible. The sad fact is that the nationalisation of the steel industry has gravely damaged the steel services of this country."

He thought the proposal for a one-day stoppage of industry would have no value at all and he hoped it would not occur.

On the possibility of a ballot of BSC workers, Mr. Michael Marshall, Under-Secretary for Industry, said this was a decision for unions and management.

"But certainly we would welcome a move in that direction," he emphasised.

Suggestions that the corporation should "hive off" some of its assets were attacked by Labour backbenchers.

Mr. Adam Butler, Minister of State for Industry, said the BSC should behave exactly as a private corporation in the present circumstances. If it had to finance expenditure or losses then it might have to do so through the sale of assets.

He said the Government would not stand in the way of the disposal of the BSC Consett works to the private sector if it were proposed.

SIR ANTHONY MEYER (C., Flint West) said in the Commons that those on the "compassionate wing" of the Conservative Party were sadly but totally in support of the industrial policies of Sir Keith Joseph.

There was scornful laughter from the Labour benches when Mr. Michael Marshall, Industry Under-Secretary, said that Sir Keith would appreciate this remark, which had "shown yet again that this great party is united on this as on all else."

Power workers prepare claim

By Pauline Clark, Labour Staff

A JOINT working party in the electricity supply industry was yesterday preparing details of a pay offer to some 90,000 power workers, which shop-floor leaders expect to amount to between 17 and 20 per cent.

National officers in the industry's four main manual unions and employers' leaders in the Electricity Council plan to start negotiations next month.

Shop-floor leaders believe a reply to their claim for "substantial" rises would have been forthcoming before now but for the troubles in the steel industry.

They believe prospects for a satisfactory rise without resort to threats of industrial action are high in view of the reasonably consistent awards already made in industries to which they are traditionally compared.

Most recent was the agreement on a 21.4 per cent rise to water workers, while towards the end of last year, manual workers in British Nuclear Fuels were given increases of between 23 per cent and 27 per cent in a nine-month deal.

More important, perhaps, the power workers are conscious that unlike last year they have the weight of the coal miners' 20 per cent settlement behind them.

Although power workers are also looking for an extra boost from further increases to shift workers, prospects of achieving a reduced working week from the present 38 hours to 35 hours as demanded in this year's claim are not thought to be very high.

Another factor is the recent arbitration award of increases between 2.4 to 6.5 per cent to engineers in the electricity supply industry.

There is a desire to maintain differentials between foremen in the manual workers' group and the 27,000 engineers in the industry.

Last year, power workers threatened industrial action before accepting a 23 per cent rise. This followed rejection in a secret ballot of a 14 per cent offer.

Banking staff will seek 32% award nationally

BY NICK GARNETT, LABOUR STAFF

THE EXECUTIVE of the Banking, Insurance and Finance Union has agreed to pursue its pay claim with the five main English clearing banks this year on the basis of common national negotiations.

It has withdrawn the threat of attempting to negotiate with each of the banks separately as part of its continuing dispute with the staff associations.

Separate bank negotiations last year almost certainly prolonged those negotiations which were accompanied by industrial action at the Midland Bank.

The union had warned that it would consider pursuing its claim for rises of 25 to 32 per cent locally, depending on the attitude of the Federation of Bank Employers to negotiations with the staff associations, which operate in three of the five banks.

The union said yesterday that it had agreed to national negotiations, which it had always preferred, because of assurances from the employers' body.

One of these was that the federation was prepared to have negotiations with the staff associations separate from the banking union, rather than on a joint basis.

The union has also received assurances that although the two banks without staff associations would have federation representatives at negotiations with the staff associations at the other three banks, this did not reflect any change in the banks' attitudes towards the staff associations as a joint representative body.

Union officials must also have been aware that it would have been uncomfortable to pursue local negotiations when the union is still locked in what is almost a national recruitment battle with the staff associations.

Mr. Leif Mills, the union's general secretary, said yesterday that Lloyds Bank's latest profit figures—up 90 per cent for the UK operation—clearly indicated that the banks could afford to meet the claim.

● The union is receiving calls from some of its branches for industrial action against rationalisation plans for Lloyds Bank's Trust division, which could involve redundancies.

It also says that there is a possibility of industrial action by its members in the bank's own security-van service, which management intends to run down over the next three years.

The bank said yesterday that it had not received a redundancy claim for staff in the Trust division and that the claim for security-Van service personnel was far too high.

The staff association at Lloyds said its talks with management over the Trust division were going well.

School transport fee attacked by Butler

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE Government's proposed charges for school transport came in for strong criticism in the Lords last night from Lord Butler of Saffron Walden, who was deputy Prime Minister in the Conservative Government under Macmillan.

His speech was the first sign of the threatened revolt of Conservative peers against the proposal. He is by far the most influential senior Conservative to have attacked the plan for transport charges.

He indicated that some Conservatives would not support the proposal unless the clause in the Education (No. 2) Bill was changed before the Lord's committee stage.

Lord Butler, who was the architect of the 1944 Education Act, was speaking on the second reading of the Bill in the Lords. He declared: "If the Government could find some other way of raising this money before the committee stage I think it would be a very good thing."

Lord Butler also criticised the Bill's proposal that will make it easier for local authorities to drop the provision of nursery education.

'Realistic price' key to energy policy

BY IVOR OWEN

REALISTIC PRICING will remain the central element of the Government's energy conservation policy, Mr. Hamish Gray, Minister of State for Energy, told the Commons last night.

He strongly defended the decision to raise gas prices but refused to be drawn on the likelihood of next month's Budget including an increase in the tax on petrol.

Mr. Gray described the Government's recent decision to impose new financial targets on the gas industry as part of the Government's energy conservation programme.

"Proper pricing is essential in any sensible energy policy since it is without doubt the most effective instrument for influencing consumer behaviour."

Mr. Gray underlined the need to convince the public of the safety of nuclear energy—safety was the first principle of the Government's approach to nuclear power policy and would remain so.

Mr. Geoffrey Johnson Smith (C East Grinstead) called for greater efforts to create a better understanding by the public of the nation's future energy needs, particularly in relation to the safety record of the nuclear power industry.

Civil Service action 'selective'

BY PHILIP BASSETT, LABOUR STAFF

CIVIL SERVICE strike action should continue to be selective rather than take the form of an all-out stoppage, Mr. Ken Thomas, general secretary of the largest union in the Service, the Civil and Public Services Association, said yesterday.

The CPSA, with the Society of Civil and Public Servants, created considerable disruption to Government, business and Post Office cash flow last year by a series of selective strikes over pay.

The union, though, had to ward off attempts by some to extend the strike action and particularly to include the sensitive areas of payment of benefits by the Department of Employment and the Department of Health and Social Security.

Like the other Sivil Service unions, the CPSA is readying itself for difficult negotiations if the Government adheres to its principle of using cash limits to regulate Civil Service pay increases despite the findings of an independent comparability report.

The CPSA has already set aside £½m from its general fund to bolster up its strike fund, which was heavily-drawn upon during last year's disputes.

Mr. Thomas, writing in his union's journal on the CPSA's use of strikes, said that in the 10 years in which the union had held a strike policy its main thrust had been that an all-out indefinite strike was an unsuitable weapon.

"My belief is that we have not yet squeezed the lemon of selectivity dry despite the pressure being placed on it," he said.

Mr. Thomas pointed to the establishment by the Government of two Cabinet committees whose purpose is to find ways of combating strikes in the Service and mitigating their effect on the Government machine.

He doubted, though, whether they would find an effective reply to the union's action, although he thought the Government would consider repeating its policy of the last round of strikes of suspending union members. This placed an increased financial pressure on the union's strike fund.

Critical Tory MP confesses

BY ELINOR GOODMAN, LOBBY STAFF

MR. JULIAN CRITCHLEY confirmed yesterday that he was the anonymous Conservative MP who, in a recent Observer article, accused the Prime Minister of leading the party to disaster with her "A-level economics and obsession with monetarism."

Mr. Critchley, MP for Aldershot, did nothing, however, to ingratiate himself with his leader. In fact, he used an interview on BBC Radio 4 to make things worse by insisting that eventually the Government would have to consider introducing a pay policy.

The authorship of the article was the main focus for gossip at Westminster last week. In public, Conservative MPs may decry such anonymous attacks as "dishonourable," but in private they seemed to enjoy nothing more than a good assassination story—particularly a mystery one.

Mr. Critchley, an established freelance journalist and well-known opponent of the Prime Minister, was tipped as the favourite from the start. His confession, therefore, would surprise no one—least of all Mrs. Thatcher.

Mr. Critchley has already marked himself in this Parliament as a highly articulate rebel., more Critchleite than Heathite, let alone Thatcherite. Insofar as Mrs. Thatcher would acknowledge his existence at all, she would probably regard him the same way she would a mosquito: more irritating than dangerous, and only worth stamping on because he might just be carrying infectious germs.

In isolation, therefore, Mr. Critchley's attack would account for little. Certainly, there are other Tory MPs who believe that Mrs. Thatcher will eventually have to execute a U-turn and come round to some form of incomes policy, or, failing that, import controls. But most are prepared to give her present policies longer to prove themselves.

Far more worrying to the Government's business managers is the way criticism of the Government's approach keeps coming out into the open. Even some of the older MPs who could normally be expected to be totally loyal are beginning to shift uneasily on the backbenches.

They would certainly not go as far as Mr. Critchley in condemning Mrs. Thatcher's economic policies. But some are unhappy about some of the side effects — particularly as everything is taking place against a far grimmer industrial backdrop than they expected.

The great majority agree on the need to cut public spending. But a vocal minority query whether the Government has got its priorities right. They argue Ministers have needlessly tried the patience of traditional Tory voters by making cuts in programmes which are much more valuable to them than to the Exchequer.

Rebellion on school transport charges, like the threatened revolt over the Government's reported plans for taking some of the social security business away from post offices, are both justified by Tory MPs in these terms.

It was almost inevitable that with an overall majority of 42 there would be occasional rebellions. There are none of the pressures on the backbenches which there were in the last Parliament to obey the Government line meekly.

Moreover, the Tories' victory brought into Westminster MPs who know that they will be very lucky to survive another election. Some believe that the only way they will be able to do so is if they are seen to take more note of the views of their constituents than of the demands of the party whips.

Older Conservatives argue more cynically that some of these younger members are only protesting now because they never thought they would be elected and therefore did not really think through the consequences of the manifesto on which they fought.

Certainly, the voting record of Mr. Geoffrey Dickens, Tory Member for the precarious seat of Huddersfield West, has become fabled at Westminster. The Tory whips are reputed to thank him when he appears in their voting lobby.

The great majority of Tory MPs would never dream of behaving in such a way. Many Conservative Members think their colleagues are just being wet by complaining now. They argue that, in fact, the Government would do far better to get on with the painful bits of surgery now rather than waiting until the next election becomes a real restraint.

If this kind of loyal Conservative MP does have a criticism of the Government, it is almost invariably couched in terms of "communications." MPs blame the unpopularity of certain Government policies on a failure of communications

Some of those MPs who went to last week's meeting of the Tory backbench media committee admit that blaming communications is the easy way out. But they also argue that the Government has itself legitimised public criticism by the way Ministers have behaved.

In their view, the party's morale has not been helped by the way Ministers have been conducting their arguments in the Press—a point also made by Mr. Critchley yesterday.

The signs are, however, that the repeated rallying calls to the Tory troops are beginning to pay off. Certainly, the Government should not have any worry about votes in Thursday's censure motion, though some backbenchers are hoping to use the debate to remind the Government of what they think its priorities should be

35-hour week at Kays group

By Rhys David

A TOTAL of 5,000 workers employed by Kays Mail Order part of the Great Universal Stores group have won the right to a 35-hour week in a deal negotiated by the Union of Shop Distributive and Allied Workers.

The deal also includes a 17.75 per cent increase in pay for office and warehouse grades, taking basic rates up to a minimum of £54.52 and a maximum of £70.46 before bonuses.

The union, which represents about 30,000 mail order staff, secured a one-hour cut to 39 hours in the working week for 130,000 supermarket workers last autumn. It claims that members at Kays are among the first sizeable groups of manual workers in Britain to get a reduction to 35 hours.

The bulk of the workforce at Kays is female, and according to Mr. Bill Connor, USDAW national officer, the agreement means most will be able to leave work at 4.30.

Labour supports calls for import curb probe

BY ELINOR GOODMAN

THE SHADOW Cabinet yesterday backed the Welsh TUC's demand for an immediate investigation into the need for selective import controls to protect the most vulnerable parts of the steel industry.

At a meeting earlier yesterday of the TUC liaison committee, which brings together the TUC, the Shadow Cabinet, and Labour's National Executive, Labour again accused the Government of being totally unrealistic and "socially irresponsible" in setting a deadline of March 31 for the steel industry to break even.

The committee also repeated the Opposition's view that it would be folly to reduce the industry's capacity to 15m tonnes a year as this would only increase steel imports.

The statement that emerged from what was at times a heated meeting of the TUC liaison committee was, however, a watered-down version of that originally proposed by Left wingers on the Executive.

Mr. Anthony Wedgwood Benn drafted a statement which would have committed the Party to introducing import controls on steel. This, he maintained, would only have been in line with what already was supposed to be Party policy.

Mr. James Callaghan, Opposition leader, backed by Mr. Denis Healey, and Mr. Roy Hattersley, objected strongly to any such specific undertaking.

Mr. Benn's original wording would also have opposed the whole idea of closures much more strongly. Mr. Callaghan argued, successfully, that it would be foolish not to acknowledge the need for some run-down in the industry.

Rather than opposing closures altogether, he asserted, the Labour movement should attempt to change the time scale of these closures and so reduce the social distress.

Car import ban urged

BY ALAN PIKE, LABOUR CORRESPONDENT

THE TRANSPORT and General Workers' Union is to meet its sponsored MPs next month to launch a campaign for total import controls in the motor industry. It will also seek a meeting with Sir Keith Joseph, the Industry Secretary.

TGWU leaders yesterday demanded a policy to ensure that no cars are sold on the British market after January 1982 which have not been assembled here. They also want controls on the level of foreign-produced components in cars assembled in Britain.

The TGWU call for all-embracing controls on import penetration follows efforts by Sir Michael Edwardes, chairman of BL, to persuade the Government to take action against "unfair competition" in world markets.

'Collusion' claim over cuts

By Our Labour Staff

BUILDING EMPLOYERS and the Government were accused yesterday of colluding over wage negotiations and expenditure cuts.

Mr. George Henderson, national construction secretary of the Transport and General Workers Union, said last week's announcement by Mr. Michael Heseltine, Environment Secretary, of cuts in the council house building programme just before the industry's annual wage negotiations were due to begin was too much of a coincidence.

Only last week, Mr. John Allen, president of the National Federation of Building Trades Employers, was supporting Tory cuts in public expenditure and was trying to soften the construction industry's opposition with the Government, Mr. Henderson said.

"The Heseltine announcement looks strangely like a quid proquo for the federation's stance and it is suspiciously like collusion to me," he said.

The union's resolve to fight for its claim, valued at between 20 and 30 per cent, would not be affected, however, he argued.

The federation said yesterday that Mr. Henderson had obviously not read a federation statement which emphasised that spending cuts should be made on current spending.

Last week it expressed deep concern at the use of cuts in capital expenditure

Bill to outlaw insider trading faces last hurdle

Andrew Fisher reports on the Companies Bill which receives its third reading in the Commons today and tomorrow.

INSIDER share trading has long been recognised as a disturbing fact of life on the stock market, widely condemned but not illegal in Britain. Like a gambler playing with marked cards, the person who trades on inside information has a clear start. Already this year, such fleet-footed operators have pushed up several share prices ahead of takeover news.

After Easter, however, the insider dealer's legal immunity in Britain will be stripped away if the latest Companies Bill becomes law. It receives its third reading and report stage in the Commons today and tomorrow, and contains stringent and carefully drawn provisions aimed at catching those who benefit from the use of inside information and deterring others.

But a company's shares could still soar dramatically ahead of a takeover announcement, or plunge before bad news. For one thing, it will be hard to identify any specific case of insider dealing amid the welter of trading in an active stock. And the task of proving a criminal charge will be immense.

It has taken about seven years to bring such legislation near to the statute book. The previous Conservative Government started in 1973, but was voted out of office the following year. And Labour had a Bill on the stocks before the Tories returned to power last year.

The proposed ban on insider dealing is only one aspect of the Companies Bill. Some form of additional company legislation was inevitable so that the UK could comply with European law. The first and non-controversial part of the Bill is designed to implement the EEC Second Directive on Company Law. The directive mainly covers the formation of public companies and the subscription and maintenance of their share capital.

Notably

Most British companies have been ambivalent about the Bill. Yet in addition to provisions on insider dealing, several other parts have aroused comment from corporate experts and professional bodies. In the wake of some major abuses during the 1970s—notably the case of Peachey Property—the Bill tightens up considerably on company loans to directors.

And in a clause which has been given a variety of interpretations, directors must regard "the interests of the company's employees in general as well as the interests of its members." Since this must be assumed to be general practice in the vast majority of British companies, its inclusion in a Bill might seem like a rather whimsical and feeble gesture in the direction of improved industrial relations.

The Opposition certainly regards it in this way. The Government, on the other hand, points to the variety of legislation on redundancy and employment protection and argues that there is no need to reinforce the clause, number 46, by giving workers any special right of action against directors.

Mr. Cecil Parkinson, Minister of State for Trade, said in committee last November that Clause 46 "will mean that the contribution that both employees and members (shareholders) make to the success of each enterprise will now be recognised in company law."

Labour voted against the clause in committee and Mr. Stanley Clinton Davis, Labour's chief spokesman on company law, said it perpetuated the inadequacies of existing law.

"There is no sugestion of even-handedness," he added. "I believe this to be an archaic approach." The Opposition's proposal, incorporated in its Bill when in Government, would have made it mandatory for directors to pay attention to their employees' interests.

Although the role of Clause 46 in the Bill is chiefly declaratory, it does have a specific purpose in allowing companies to make financial provision for employees when closing down a business. This need stemmed from the 1962 case of Parke v. Daily News, when the judge ruled that the law did not allow gratuitous redundancy payments, and laid down that the proceeds from the sale of The News Chronicle and The Star should go to shareholders only.

Mr. Parkinson said various Governments had tried to deal with this problem since the early 1970s.

The Confederation of British Industry is sceptical about the value of Clause 46, even though some of its members believe that there should be something in the Bill on the rights of employees. It has decided, however, that it can live with the clause as drafted.

In line with Labour's contrasting view that the clause is too lukewarm, Mr. Clinton Davis hopes to have the matter debated further this week. The workforce ought to have some right of action under the new Bill, he said after the committee stage. "I don't believe the floodgates of litigation would be opened."

Altogether, there are some 300 Government, Opposition and private amendments down for discussion in the Commons over the next two days. Most are technical, designed to put the finishing touches to a complex piece of legislation. But Labour wants the insider clauses to be made tougher. It will press for ways of ensuring that outside interests do not covertly build up large stakes in British companies. This happened recently with Consolidated Gold Fields, where De Beers was the secret share buyer.

It is highly unlikely that Labour will get its way on either the insider dealing clauses or any other aspects of the Bill at this late stage. Apart from some minor last-minute changes, the Government believes that it has drafted the insider provisions as tightly as possible without making them to complicated and unworkable.

Yet how should inside information be defined? And how widely beyond a company's inner decision-making circle can an insider dealer be sought? If directors, employees and anyone connected with a business are potentially culpable under the new law, are they to be inhibited when buying and selling the shares by the fear of a hefty fine or even a spell in prison?

The emphasis in the Bill is placed on specific "unpublished price sensitive information." Possession of this and knowledge of its value will be the key point to be established in any criminal charges. Mr. Parkinson explained at the committee stage: "It has to be shown that the director knew that the information was likely to materially affect the price."

Insider dealing is prohibited, under Clauses 65 and 66 of the Bill, by anyone "knowingly connected with a company" in the preceding six months. It also covers anyone using information "which he knowingly obtained (directly or indirectly) from another individual who is connected with a particular company," or was in the past six months, and who he knows "or has reasonable cause to believe held the information by virtue of being so connected." This could clearly include advisers, such as a company's broker or banker.

No one expects many convictions to arise from the Bill. The hope is that potential insiders will be sufficiently deterred by its provisions. "It is vital that millions of small shareholders have confidence that they will not be ripped off in the market," said Mr. Parkinson.

Like the Stock Exchange and the Takeover Panel, both of which conduct their own investigations into suspicious share fluctuations, Mr. Parkinson does not believe that insider dealing is a widespread abuse. "I do not expect to see hundreds of previously respectable, highly-regarded people dragged before the courts," he said. For those who are found guilty, the punishment on summary conviction is a fine of up to £1,000, imprisonment of up to six months or both.

If the prosecution insists on trial by indictment (before a jury), however, there is no limit to the size of the fine on conviction, while imprisonment can be for up to two years. "So there is the possibility of society, through the courts, depriving the offender of his profits," added Mr. Parkinson.

How will the attempted crack-down on insider dealings affect financial institutions which hold large stakes in many companies? Unless they make obvious use of price-sensitive information, the Government does not feel they should be inhibited in contacting and monitoring the businesses.

Lending

It would, in fact, like to see them taking a more active shareholder role. According to Mr. Parkinson: "We believe that such institutions should be concerned not just to step in when things go badly wrong in the companies in which they invest but also, as major shareholders, to keep up an active pressure on companies."

As for loans to directors, the Bill seeks to add muscle to the provisions of the 1948 Act. Although this prohibits companies from lending to board members, it has not proved strong enough to cope with the freewheeling 1970s, when secondary banks wriggled through the loophole exempting loans or guarantees by money-lending companies.

As well as being criminally liable if they lend to directors, public companies will also be barred from providing such "quasi-loans" as credit card facilities. Money-lending companies will be able to lend on commercial terms but no more than £50,000 per director; this limit will also apply to loans to buy houses.

There is a special exemption for major banks, who may lend commercially without limit. But they must keep a register and, like other companies, make details available to shareholders.

Even those familiar with company law admit that the Bill is a severe test of the understanding. "There is going to be a lot of unprofitable work for lawyers in telling clients what it's all about," said one company law expert. But more legislation is on the way as each successive EEC directive has to be implemented. The next concerns company accounting. Once the present Bill has received the Royal Assent, the Government will try to put all the past Companies Acts together in one mighty consolidation effort.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● PLASTICS

Push fit components for plumbers

IT IS almost a year ago to the day since the Acorn range of push-fit plastics plumbing fittings was launched on a traditionally hidebound plumbing world by Bartol Plastics, Edlington, Doncaster, South Yorkshire (0709 863551).

These were designed to replace copper capillary aoldered fittings and mecbanical compression fittings used in conjunction with copper pipe. Joints in a domestic water system are made by simply pushing the pipe into a socket.

The instant pusb-fit syatem proved enormously time-saving on initial Installations, and formerly-reluctant plumbers also found that there was no danger of possible damage to adjacent fixings by blow torch or solder drops — also where necessary, the Acorn fittings could be instantly dismantled.

If builders' merchants and plumbera needed further reassurance as to the quality of the product they were given tha message with the award of an Agrément Certificate to the company last spring.

Now, Acorn's continuing success is underlined by the announcement that its fittings have been officially tested and sccepted by the National Water Council for non-pressurised domestic central heating services.

Prior to the NWC approval, the product was tested and accepted for above-ground and bot and cold domestic water supply systems only. New NWC recognition opens up a mucb wider market to hoth installer/plumber and to tbe merchant.

Fittings are made in durable polybutylene (five are nacessarity produced in DZR brass) and presently come in two sizes to accept 15 mm or 22 mm copper pipe to BS 2871. The company intends eventually to introduce a apecial selection of 28 mm fittings.

Priority at the moment, bowever, is the introduction of a new cutting and grooving tool for stainless steel tubes enabling pipe of this material, as well as copper, to be used with Acorn fittings. More details of this development will be announced later in tha year.

Since Acorn's launch, its applications in the UK include many small through to large-acale developments, including the YMCA building in Liverpool and a hotel redevelopment in East Anglia, while an Indication of likely demand internationally is that negotiations are already underway to grant manufacturing licences to overseaa manufacturers.

Further new prodnct developments are promised, including waste systems, underground drainage and rainwater systems.

Apart from improving home market sales (over 400 merchants now stock Acorn) the company says that its exports are expected to reach a record figure of 20 per cent of total sales in the coming year.

DEBORAH PICKERING

● TRANSPORT

Old buses rebuilt

AMERICA'S LEADING bus and truck refurbishers, Blitz Corporation of Chicago, specialises in what it calls "remanufacturing" old buses and coaches, often prolonging the life of a bus by eight or 10 years.

Currently dealing with some 200 of Detroit's city buses (on average about 10 years old) the company is stripping the vehicles down to the shell after which they are re-engined where necesssry and fitted with new transmissions, brakes, seats, etc. After a repaint, they are given a new, modern appearance and are claimed to satisfy all official requirements.

Blitz recommends HELP bumpers as part of the bus refits and these are specified for all the Detroit projects.

HELP bumpers are pneumatic devices, consisting of air at atmospheric pressure contained in a tougb cell of rubber, 12 inches high, which protects the full width of the bus at the front and rear.

Should a collision occur, relief valves allow air to escape in a controlled manner, softening the impact and considerably reducing—if not preventing—damage to either or both ends of the vehicle.

Apart from enbancing the appearance of the bus, these bumpers are so efficient that tbeir cost is soon recovered by way of dramatically reduced repair bills says maker Firestone Industrial Products Company, 121 King Street, Hammersmith, London, W6 (01-741 2321).

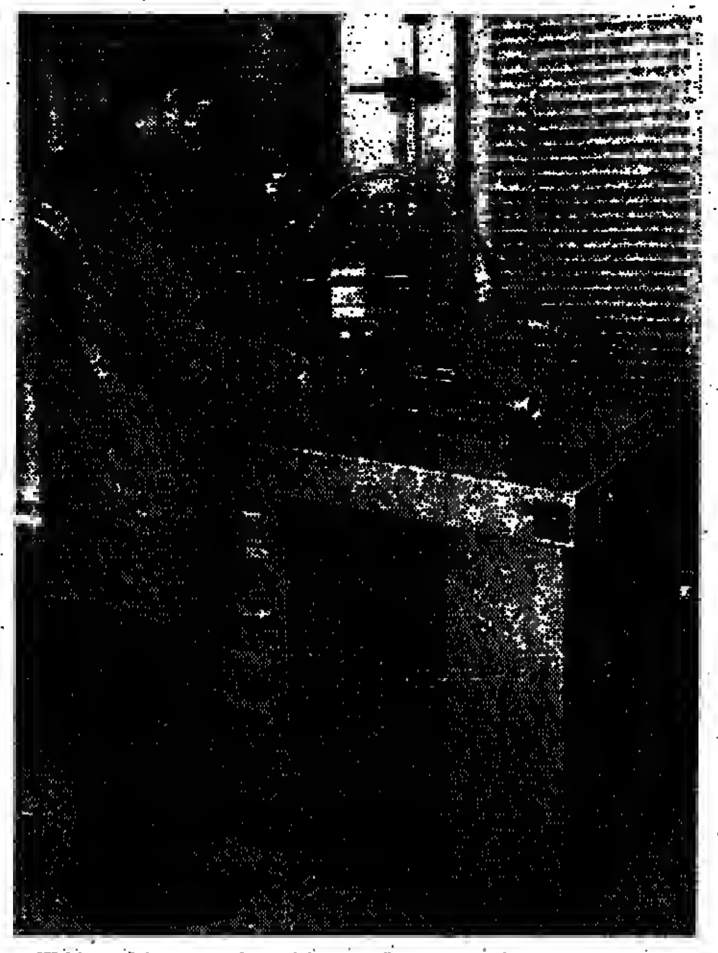
● PROCESSES

Plastic fill for blocks

MANUFACTURING licences for a new patented technique for filling bollow building blocks with Styrocell expandable polystyrene for insulation purposes are being offered by Shell Chemicals UK.

Automatic equipment whicb can be installed in existing block plant, is available. Shell Chemicals says this bas been developed during several years of operation at a UK block manufacturer where it can be inspected by prospective licencees.

The process involves injection of Styrocell expandable beads of consistent density into the block cavity where they are consolidated using steam. No chemical mixing is Involved and no toxicity problems occur during production or after installation. The blocks can be handled and stored outside immediately after filling without risk of undue water absorption, it is stated.



This multi-purpose machine tool can be used for milling, drilling, boring and grinding and is said to be especially suitable for prototype work, model-making and research. Of Swiss design, it is called the Wahli 76 and it will be demonstrated at Mach 80, the international machine tool exhibition to be held at the National Exhibition Centre, Birmingham, from April 22 to May 2 by Matchless Machines of Horsham, Sussex.

● MATERIALS

Rigid foam mouldings

RIGIDITY OF structural foam (SF) mouldings—which bave a cellular core with an integral smooth outer skin—plus load bearing capabilities, make them particularly suitable for business macbine applications, says Britisb Industrial Plastics, PO Box 11, Tat Bank Road, Oldbury, Warley, West Midlands (021 552 1551).

Tbe incorporation of moulded-in fixing lugs and similsr devices also simplify assembly of tbe internal electronics and equipment, and the latter is securely held within the rigid SF bousing which is capable of absorbing more damage and greater impact than the same-weight solid injection moulding, says the company.

Four large, precision mouldings in Noryl structural foam (the largest weigbing 3 kg) are being supplied for the base, cover and casb drawer for Data Terminal Systems' model 219 electronic cash register, assembly of which is carried out at this American company's European plant in Dublin.

Tbe smooth, non-gloss surface texture of SF is enhanced by a special paint spray finisb applied to all of the mouldings before delivery to DTS. Base and cover sre sprayed grey and the drawer is finisbed in black to match the upper deck carrying the control/cash huttons and read-out displays.

● PACKAGING

Getting it all taped

INCLUDED IN its display of products at Pakex exhibition at Birmingham's NEC next month (March 17-21) are print tapes, wider width filament tapes, and its latest bag sealing unit, announcea British Industrial Fastenings, Gatebouse Road, Aylesbury Bucks (0296 81341).

Range of tapes includes the recently launcbed vinyl customised BIF-Print tapes whicb have been designed to increase security and enhance tbe customer's corporate image. Pilfering is greatly discouraged by the use of customised tape as it is mocb more difficult to open and reseal packs without it being visibly obvious.

Filament tapes are made from extremcly tough and resilient polyester material reinforced with glass fibre filament yarn and coated with a strong and durable adhesive, and are said to he ideal for sealing large and heavy packs or for taking the place of strapping by taping together several packs for ease of handling as a unit load.

Particularly for larger volume packers is the random tape sealer, wbich can handle up to 960 cartons an bour, and the BIF Dual Auto semi-antomatic comfortably handle some 600 cartons an hour. The latter features a self-centring device for correct carton positioning on the production line.

Said to provide ideal tools for packers requiring a fast method of top carton closing is the company's range of air clinchers, including the RC4 roll feed clincher designed for bigh throughpnt filled carton closing.

The portable Bag 30 bench sealer maintains high production rates for polythene bag taped neck closing, says the company, as the sealer keeps pace with operator speed. It applies a predetermined length of 9 mm or 12 mm wide self-adhesive vinyl tape around the neck of the bag giving a strong, secure closure wbile simultaneously cutting the end to leave a tab which enables the bag to be undone easily and quickly.

● INSTRUMENTS

Checks data channels

THE NEW CCITT recommendations for the testing of data lines during installation and maintenance are met by the DLM-3 microprocessor controlled automatic measuring set from Wandel and Goltermann.

The instrument, which is entirely controlled by push buttons, can measure all the important parameters of a data line at the same time including gain, pbase hits, wideband or selective level, attenuation and frequency distortion, frequency, frequency shift and several others.

Control of the instrument can be external using an IEC interface. In addition, the instrument bas non-volatile storage of measured values, pusb button keys for entering numerical values, presentation of measured values on a liquid crystal display, selection of fixed send frequencies and adjustment of the input/output impedance.

More from the company at 40 High Street, Acton, London, W3 (01-992 6791).

Measures thermal conductivity

AN INSTRUMENT which can measure tbe thermal condnctivity of beterogenous building materials and other insulation products in samples up to 24 x 24 x 6 inches in size has been introduced by Dynatech and is available in the UK from TEM Sales, Gatwick Road, Crawley, Sussex (0293 31244).

The instrument uses the guarded bot plate method. A main 2 ft square heater element is sandwiched between two identical samples of the test material and the wbole is held under pressure by two water-cooled plate heat sinks. To counter loss of heat from the sides of the sandwich, peripheral guard heatera are employed. Tbe equipment is then able to measure the rate of steady heat flow throughout a unit area, per unit temperature gradient, in the direction normal to the sample area.

When the test section has reached thermal equilibrium, the temperature difference across the two samples and the electrical input to the main heater are measured and used to calculate the thermal conductivity of the sample.

Thermal condnctivity, K, can be measured over the range 0.1 to 10 in imperial units to a claimed accuracy of plus or minus 4 per cent. Operational temperature range is 30 to 450 degrees F.

Typical materials that can be measured include concrete, composites, multi-foil insulation, honeycombs, faced panels and standard insulation materials.

Options include automatic data acquisition, data reduction and automatic temperature programming.

● POWER

Earth leakage test units

FURTHER equipment concerned with earth leakage protection bas been introduced by George H. Scholes and Company under the Wylex brand, including earth leakage circuit breaker (ELCB) testers and monitoring units, appliance earth leakage testers and combined earth protection units.

The ELCB tester is designed to test earth leakage trip functioning of current operated devices and can test breakers of 10, 30, 100 and 300 mA sensitivity. Tests can be made at 50 and 100 per cent of the rated tripping current. The unit can be connected to any EL protected socket outlet — there is no need to open equipment and expose live parts.

The EL monitoring unit gives early warning of situations where developing earth leakage could create an emergency. Tbe alarm is operated when the leakage current being monitored exceeds a pre-set level which is adjustable to between five and 50 per cent of the rated tripping current of the ELCB incorporated in the unit.

Domestic equipment can be examined for EL current while it is working using the company's new appliance EL tester, a compact hand-held unit with a mater.

Also introdnced is a combined earth protection unit designed for situations where protection is needed against overload, short circuit and earth leakage.

Contained within a weatherproof sheet steel surface cabinet are a current operated ELCB, a high breaking capacity current limiting circuit breaker and an earth line integrity unit which continuously monitors earth/pilot core loop and disconnects the supply at a pre-set level adjustable between five and 50 ohms.

More from the company at Wylex Works, Wythensbaw, Manchester M22 4RA (061 998 5454).

● SAFETY AND SECURITY

Protection of plant

SAFETY devices known as bursting discs for use in process equipment of all types with burst pressures ranging from 1 lb/in² to 1200 lb/in² are being offered by Graphite Equipment of 558 Stonefield Way, South Ruislip, Middlesex, HA4 0JZ (01-841 4311). Manufactured to comply with BS2915, 1974, the discs can be used to protect plant and equipment which is working under pressure or vacuum cobditions.

The discs are made of resin-impregnated graphite which is unaffected by the action of a very wide range of aggressive process fluids, and possesses several important advantages over metals as a material for the active element in bursting discs. Impervious graphite is dimensionally stable, and so does not creep, swell, set or show other plastic deformation under pressure; its fatigue resistance is extremely bigh, so that it can withstand repeated pressure reversals up to 75 per cent of rated burst pressure over an indefinite period without failure.

The discs can withstand process temperatures from minus 70 degrees C to plus 180 degrees C without loss of accuracy (up to 500 degrees C if a graphite equipment temperature adaptor is fitted) and are supplied from tested batches to guarantee accuracy. Each disc bears an individual reference number whicb enables it to be traced back to its origins, and also a legend, visible after installation, which displays that it has been fitted the correct way round in the relief line.

Protects the site office

PORTABLE cabins, site offices and materials storage sheds can be easily protected against intrusion with a simple, battery opersted device offered by Intercity Electric and Mechanical Services, Bond Avenue, Bletcbley, Milton Keynes, Bucks (0908 74971).

The system is bssed upon sensors made by Inertia Switcb in whicb particular levels of vibration will operate an alarm. In one sucb design, a pair of gold plated spberes, of ball besring size, rests on a pair of rails formed to slight "V" shape. The balls normally touch, but a given level of vibration will momentarily separate them, breaking a circuit. Sucb breaks are detected by an electronics box and this in turn activates an alarm.

Self-contained, the unit is housed in a 16 gauge steel box wbich is secured through the building structure by means of four ⅜ inch bolts.

Once all the doors and windows are secured and the system bas been set by a simple key switch, an attempted break-in will sound the bell which will ring for a pre-determined time. The system then re-sets itself.

● HANDLING

Will deal with solids

PROMISED TO be of benefit in the civil engineering, building, farming, quarrying and plant bire industries, because of its ease of maintenance, is the EPT Trasb Pump available in tha UK from Obart, Unit 2, Morton Industrial Estate, Swanley, Kent (Swanley 65253).

Made by Tsurumi, it is a heavy duty self-priming pump that will handle round solids of up to 38 mm, depending on the pump used, by the use of deep bladed impellers that create such a suction and discbarge force that any solid that is sucked into the pump is discharged and not thrown back or allowed to remain in the pump housing.

The pump is said to he designed so that any sludge or sand that is not discharged can easily be removed from the pump after taking off the front inspection plate (which allows access to the interior of the pump, including the impeller).

● By agreement between the Financial Times and the BBC, information from The Technical Page is available for use by the Corporation's External Services as source material for its overseas broadcasts.

FINANCIAL TIMES SURVEY

Tuesday February 26 1980

Italian Engineering

A healthy balance of payments surplus masks some profound problems in industry. Rising labour and oil costs, strikes and terrorism, plus a general disillusionment with government, offer no cheer. Yet many companies, particularly small and medium-sized ones, are flourishing, with impressive exports to prove it

Paradox of the worrying boom

By Rupert Cornwell

THE CURRENT state of Italian industry in many ways embodies the paradox of the country's economy. Last year Italy enjoyed what without doubt will prove to have been its best year since 1973, before the international oil crisis. Output, according to preliminary estimates, grew by about 5 per cent, the biggest increase of any major European nation.

In marked contrast to previous booms, this one has occurred without an accompanying collapse of the country's balance of payments. Instead, the 1979 surplus is likely to have reached about L4,500bn ($5.6bn), *down admittedly on* the all-time record of 1978, but nonetheless one of the largest by a big industrial power.

But the average observer would be hard put to discern *this from talking to most of* the country's leading industrialists. What he would almost certainly find, instead, would be profound anxieties about a growing lack of competitivity by Italian companies on export markets, complaints about the near-impossibility of securing improved productivity, and fears about the problems thrown up by an inflation rate running at close to 20 per cent a year.

At the same time, relations between organised industry and Italy's powerful labour movement have taken a turn for the worse, while disillusion with the country's politicians *and central Government* can rarely have been greater. Nothing, the industrialist would say, has been done to get to grips with the chronic distortions of the Italian system — inbuilt mechanisms to raise labour costs faster than in competitor EEC countries, and a seemingly uncontrollable public sector deficit.

Inevitably, in a country as complex and multi-faceted as Italy, both impressions are partly correct. It is a testament to the vitality of the country's industry that despite successive *sweeping* increases in the *cost* of oil, on which Italy is 70 per cent dependent for its energy requirements, its exporters have raised their sales by 9 per cent in volume in 1979, and provided the country with a virtual balance on its foreign trade, if insurance and freight costs are excluded.

And yet all *this* has been achieved with little aid from the Ministries in Rome, and against the background of a public sector whose difficulties if anything are getting worse. At the same time chronic problems such as absenteeism remain. Strikes—if without the stubbornness and bloody-mindedness of those in Britain —abound. And even more tangible is the threat of terrorism. Fiat, Italy's largest private industrial group and symbol of Italian capitalism, obviously has been the prime target. Turin, moreover, is the centre of the national engineering industry.

In fact, what seems to be taking place is a profound transformation of Italian industry—whether for better or worse will be discussed later in this article. The broad developments over the past 18 months suggest that two distinct economies are gradually taking shape. One is primarily made up of big, usually state-owned groups, in loss-making industries such as steel and shipbuilding and heavily conditioned by the unions and the politicians. The other consists of the myriad small and medium-sized enterprises as efficient and dynamic as any in the world.

Flourishing

The first economy is struggling to compete, the second is flourishing—and for the time being seems to be winning. But the contrast is such that even Sig. Filippo Maria Pandolfi, the Treasury Minister, has publicly put it into a monetary metaphor, of two liras—the so-called "Fiat-lira" which operates for the major groups, and now even for the powerful Fiat after its very disappointing year in 1979, and the "Lira-Brambilla" named after the mythical north Italian small entrepreneur Sciur Brambilla (in Milanese dialect), for whom business is business and booming.

The distinction encapsulates the debate currently raging over whether the lira, suffering from an inflation rate more than double that of most of other European currencies, should be devalued within the European *monetary system.*

Much of Italian industry's leadership perhaps would not be averse to such a move, in the *absence of any* coherent government strategy to correct the inherent structural faults of the economy. But the triumphant export successes of the army of Brambillas—in such fields as clothing, textiles, jewellery, shoes and mechanical and engineering goods, argue in exactly the opposite direction. For the time being at least the second school of thought appears to be right. For the *lira,* despite a slip last winter, has remained at or near the top of the EMS since its inception in March, 1979.

But what are the prospects today? For the time being production is *still running* near the high levels of late 1979. In the last quarter of that year, plant utilisation reached 77.1 per cent of capacity, close to the 1973 high of 78.8 per cent.

Moreover, *investment* spending in 1979 rose by over 6 per cent in real terms, according to preliminary estimates. The international slowdown and rising raw material costs make it certain that Italy will suffer this year too; the question is when, and by how much.

The order books suggest that a high level of activity will continue for the first three or four months of this year, particularly for *the investment goods* sector. The outlook for the consumer sector depends largely to what extent demand will hold up after the growth of late last year, as buyers moved to anticipate expected price increases — a fear which has been fully justified. Thereafter, all is uncertainty, although the official forecast of only 1.5 per cent *growth for gross* domestic production in 1980 on current *trends* looks unduly pessimistic.

Bafflement

If there is a sense almost of bafflement, this reflects in good measure the underlying change which the economy is undergoing. The emphasis is *shifting* towards the small companies, less *trammelled* by union restrictions, generally self-financed and thus largely immune from the severe monetary policy operated by the Bank of Italy in the absence of any other workable government strategy.

Such has been their development that the classical definition of a northern industrial "triangle" *suspended* from Milan, Turin and Genoa probably needs to be amended to a pentagon. To the three original regions of Lombardy, Piedmont and Liguria, which powered the first Italian economic miracle of the late 1950s and early 1960s, should be added now the peri*pheral regions of the Veneto* in the east and Emilia Romagna, to the south.

These two were little involved in the heavy industrialisation of the immediate post-war decades, but today are thriving, evidently highly-prosperous regions, whose wealth is increasingly dependent on small and medium-sized industry. In turn, the smallest companies blur almost indistinguishably into *the celebrated Italian* "sub-*merged*" economy— escaping official statistics but operating in some highly sophisticated fields.

However, it would be unfair to ignore the improvements which are arduously being won in sectors recently symbolic of the plight of big industry. Fiat, it is true, has temporarily fallen from grace, as a result of low productivity and endless labour disputes—many stemming from the renegotiation of the metal and engineering workers' *three*-year national contract in 1979. But order at last is returning to the fibres sector, brought to its knees by the feuding in the so-called "chemical war" of the late 1960s and early 1970s.

Pirelli, whose tyre operations have been a longstanding headache to the company, has now launched a reconstruction plan, while Montedison, after a string of colossal losses, boosted sales by 32 per cent last year, and but for its fibres operations would have been in the black for 1979. Nonetheless, for these, as well as every other major Italian group, there is one leitmotif of complaint and worry: the low level of productivity and the seemingly unbreakable escalation of labour costs. Low productivity means higher costs *per* unit of production, lower returns on investment, eroded competitivity *abroad* and increased vulnerability at home.

Capital spending

Faced with these difficulties, major concerns are increasingly reluctant to initiate capital spending; plant might then become outdated, and the menace from low-cost low-technology producers in emerging industrial countries grows larger. The unions, managements imply, want investment, but not so much to boost output as provide more jobs. But without the former, this argument hung, the second in the medium term becomes impossible. Not surprisingly, as government and unions have failed to deliver the goods of greater co-operation, Confidustria, the employers' association has noticeably hardened *its* attitude.

The way has been led by Fiat and Olivetti. The Turin-based car group sacked 61 trouble-makers on its shopfloor last October and temporarily suspended recruitment at all its plants. That last measure has now been partly rescinded, but Sig. *Giovanni Agnelli* appears so far to have won his calculated *gamble.* The organised unions were thrown badly off balance, the courts backed him, and protest strikes called against the dismissals failed conspicuously.

In Ivrea, Olivetti is battling to push through plans to shed *4,500 of its 60,000 workforce* by 1982 as part of the overhaul being carried out by Sig. Carlo de Benedetti, the electronics group's managing director. Indeed Sig. de Benedetti is perhaps the most outspoken champion of the new economic liberalism which is gripping *Italy's* employers.

But the same logic underlies *Fiat's* move, which extended well beyond an effort to stamp out terrorism in its plants. Above all it was an explicit sign of the group's determination to boost its productivity, among the lowest of any major European car maker.

The new mood is one of disillusionment and exasperation, with the government and the political parties for failing to tackle wage escalation by at least modifying the highly inflationary *scala mobile* system of *automatic wage indexation,* and for failing to cut the public sector's colossal appetite for borrowing, which risks "squeezing out"—or at least making cripplingly expensive—lending to the productive sectors of private industry.

So far as the unions are concerned, the employers have reluctantly concluded that for all the moderation espoused by their leaders, in terms of lower pay demands and agreement in principle on greater job mobility and working hours flexibility, this has not been *reflected* in what actually has happened.

CONTINUED ON NEXT PAGE

CONTENTS

ITALIAN ENGINEERING II

Motor industry changes shape for the 1980s

THE PAST year has been particularly eventful for the Italian motor industry. In particular Fiat has finished reorganising its structure so that the car business now stands autonomous, and has begun taking the necessary steps to *become a world car producer* in the 1980s.

Fiat has also tightened its grip on IVECO, already the second-largest commercial vehicle manufacturer in Europe. And it has been attempting to deal with the severe problems of low-productivity and high indiscipline at its plants in Italy.

At the same time Alfa Romeo, the State-owned part of the industry, has at least been making attempts to get itself into shape for the 1980s and has accepted that it cannot survive as a completely independent organisation but needs a partner, or partners. And the possibility that Alfa might choose a Japanese partner, Nissan, has made Fiat wonder if it should change its mind about getting closer to its compatriot.

Fiat already ranks about eighth in the world league of car and truck producers but has been some way behind its main competitors in North America and Japen—in unit sales terms at least. And the motor industry is one where extra volume usually means higher profitability.

Now Fiat is capitalising on all the international links it has established over the years when it was forced to look outside Italy for growth because it had—and has—such a dominating position in its home market.

It has embarked on a $5bn, five-year programme to rationalise production and review its products.

Fiat will split its future output of components between plants in Italy, Spain, Latin America and Poland so as to gain the greatest economies of scale. This project will absorb about one-third of the $5bn.

Vast scale

Given that there really will be no such thing as "world cars" but only world components to be made on a vast scale, the programme will firmly establish Fiat as a "world car" maker. The components can be assembled into cars tailored to meet the individual requirements of particular markets.

The rationalisation programme has been made possible by Fiat's acquisition last year of a majority shareholding in SEAT of Spain and an accord with Poland, ratified in June.

In future both SEAT and Polski-Fiat will make cars as up to date as the rest of the Fiat range—something which has not been the case so far.

In effect this will add more than 500,000 cars a year to Fiat's output of about 1.4m from Italy. When the Argentinian and Brazilian plants are brought into the picture, Fiat has the 2m-a-year production which the industry considers is necessary to gain the greatest economies of scale.

Another $2bn of the $5bn will be spent to renew or update the entire Fiat car range and that of the Lancia subsidiary by 1982. There was certainly a disturbing lack of new products from Fiat during the 1970s. Following the launch of the 127 in 1971 not much else arrived until the Ritmo/Strada last year.

However, the Panda, a "cheap to make, cheap to run" car which will offer a lot of space in spite of being little larger than a 126—the baby of the range—has just been launched in Europe. Designed for city driving, not so much motorway work, the body is high, allowing the use of large doors for easy access, and there is a fold-down, take-out rear seat to provide extra load-carrying capacity.

Fiat expects the Panda to be as successful as the 127 — for many recent years the top-selling individual model in Europe. Because it is so cheap to produce, using flat instead of curved glass for the windows, for example, the Panda should make Fiat a handsome profit.

The question still remains, though: will the group be able to make enough of them?

The newly-launched Fiat Panda, which the company hopes will be as successful as its 127 model.

Output from the Fiat plants fell by 3,000 cars to 1.32m in 1979, a year in which the group could have sold everything it is capable of producing thanks to the extremely buoyant market conditions in most European countries.

Sig. Giovanni Agnelli, Fiat's chairman, claimed recently that last year the low productivity and bitter industrial disputes cost the group about 200,000 cars. That is equivalent to the annual output of a fair-sized modern plant.

Fiat last November dismissed 61 active trade unionists claiming they "had contributed to the climate of intimidation and violence inside the plants." Since then, Fiat insists, the atmosphere at the plants has improved considerably.

The group has also taken a stand against a law in Italy which makes it necessary to recruit employees from a State agency. The agency assesses candidates by taking into account social need and other factors.

Fiat maintains that, while this is socially laudable, it is impracticable. Often the people sent by the agency are entirely unsuited for the job for which they are required.

In protest, Fiat has stopped recruiting in the northern plants—except for a few essential people—and did the same in the south for some time. However, recruiting has begun again in the south.

Obviously we have not heard the last of either Fiat's stand against this system, or its attitude towards some of its trade unionists.

Fiat took the necessary steps towards proper economies of scale in its commercial vehicle operations five years ago when it set up IVECO which brought together its own bus and truck businesses—including Unic of France which it acquired some time before—and Magirus Deutz, then a subsidiary of Kloeckner-Humboldt-Deutz of West Germany.

KHD retained 20 per cent interest in the combined group but in January this year sold out to Fiat. The German group intends to concentrate on making its air-cooled diesel engines, agricultural tractors and other agricultural equipment from now on. But it has a five-year agreement, with an option to continue for another five years, to supply its engines to IVECO as a "preferred supplier."

IVECO in 1978 produced about 109,000 commercial vehicles of over 3.5 tonnes gross weight. Daimler Benz, Europe's biggest truck maker, made 240,000, including 66,600 produced in the German group's Latin American plants.

Together with Renault of France and its Italian neighbour, Alfe Romeo, it has set up a joint venture called SOFIM to produce lightweight diesel engines which can be used in cars as well as vans and light trucks. And with Peugeot it is setting up a van manufacturing plant, called SEVEL, due to begin production in 1981 and thought to be aiming for an annual output of 80,000 vehicles.

Fiat's car business is spending a healthy 5 per cent of turnover on research and development but is still looking for suitable joint ventures when possible. In the past year, for example, it has pumped some money into the Van Doorne automatic transmission concern in Holland which is working on an infinitely-variable automatic transmission.

Latest engine

Borg-Warner, itself heavily involved in automatics, put up some cash at the same time.

Fiat also bought an option to employ the technology Yamaha of Japan uses in its latest engine, known as the YICS (Yamaha Injection Control System).

If Fiat, with its substantial financial base, finds it worthwhile to look for joint developments and shared technology, it is no wonder that Alfa Romeo, Italy's perennial loss-maker, has decided to take this particular route.

Alfa's survival programme is designed to return it to profitability in about four years' time. The plan involves co-operation on a number of fronts with other car groups, both technological and marketing. For example, talks have been going on with Nissan of Japan (the Datsun group).

The deal might well involve the manufacture of about 50,000 cars a year using basically the 1.3 litre and 1.5 litre engines employed in the Alfasud range. Pre-pressed bodywork and other parts would be supplied by Nissan from Japan for assembly at a new plant to be built in the South of Italy.

This would be in addition to a new components plant—designated Apomi-2—already planned by Alfa for the Campagnia region around Naples.

Nissan could also plug into Alfa's U.S. and European sales and distribution networks while Alfa would benefit from Nissan's networks in other parts of the world.

Greater threat

Some other European manufacturers see this proposed arrangement in the same light as BL's deal with Honda: a backdoor entry to the Common Market by the Japanese via financially weak European companies.

For Fiat the threat is greater than for other European makers. The Japanese make the same type of small cars which have been Fiat's main speciality. They have been virtually excluded from the Italian market by an agreement which goes back to before the Treaty of Rome and so can continue to operate.

So, although in the past Fiat has not been interested in any kind of really close links with Alfa, it is now having serious second thoughts.

Another essential element in the programme will be a big increase in productivity at the group's troubled Alfasud plant in southern Italy. But it remains to be seen whether the unions will go along with the management's proposals.

Alfa's poor financial performance is certainly no help in its search for joint ventures. But the management says that the Alfa car plant in the north of Italy should break even this year and break even at the Alfasud plant should be reached in 1984.

Alfa produced about 225,000 cars in 1979, similar to the previous year, in spite of the metal workers' dispute in Italy which lasted eight months and had a considerable impact on both Alfa and Fiat. In 1980 output should reach 250,000 vehicles and by 1984 260,000 to 300,000 of models in the current range. Much might be added. (*In Italy there have been* suggestions that a restyled Alfasud, with a hatchback, might be on the way early next year.)

Alfa's president, Sig. Ettore Massacesi, said recently: "Like many other companies in the industry, ours is engaged in a serious effort to place itself on a sound footing and this effort should bear fruit in the next four years.

"At the end of that period, Alfa's financial situation and output should stabilise."

Ken Gooding

Paradox

CONTINUED FROM PREVIOUS PAGE

Labour leaders in fact have been challenged in their stance by a more militant rank and file, unwilling to accept the sacrifices implicit in moderation. For their part, the Communist Party (PCI) the political expression of the Italian working class, has been shaken by last summer's sharp reverse at the general election, caused largely by desertions on its Left in protest at the concessions made in the PCI's efforts to secure the "historic compromise" and entry into government.

The result, inevitably, has been an absence of any more concrete moves to improve industrial relations. Industry therefore, sensing too a reluctance on the part of the Left and the unions to provoke a real showdown, has acted on its own.

The changed climate is reflected in the difficulties Confindustria now is experiencing to find a new president to replace Dr. Guido Carli, former Bank of Italy governor, who for four years has been the embodiment of industry's strategy of trying to reach an accommodation with the unions. His term expires in May, but months of increasingly frantic soundings have failed to identify an agreed successor.

Many likely candidetes from industry's ranks have turned the job down, anxious not to leave their own companies for the uncertain rewards of a seat close to political power in Rome. This determination to remain in industry proper is proof of another attitude in the private sector's new mood: that if others cannot help it, it will have to help itself.

Long-term energy plan needed

RELATIVE TO its size and industrial ambitions, Italy is poorer in energy resources than any other country in Europe. It has had therefore to rely predominantly on crude oil imports — now increasingly scarce and expensive—to cover the country's overall annual energy needs. Indeed, oil imports currently account for as much as 75 per cent of the country's annual energy requirements.

This dependence on imported oil, which cost the country more than $10bn last year, has in large measure forced Italy to be at the forefront of energy technology and exploration. In turn, this has led to the creation over the last two decades of one of the most advanced and well-equipped industries in the energy field in the industrialised world.

At the same time, until the closure of the Suez Canal and the subsequent advent of the supertankers, Italy also saw itself ideally placed geographically to become a major oil terminal for Europe. Coupled with a government strategy relying on petro-chemicals as one of the three major sectors together with telecommunications and steel for the rapid industrial transformation of the country, this led to a sharp growth in Italian refinery capacity—far greater than the country's domestic requirements.

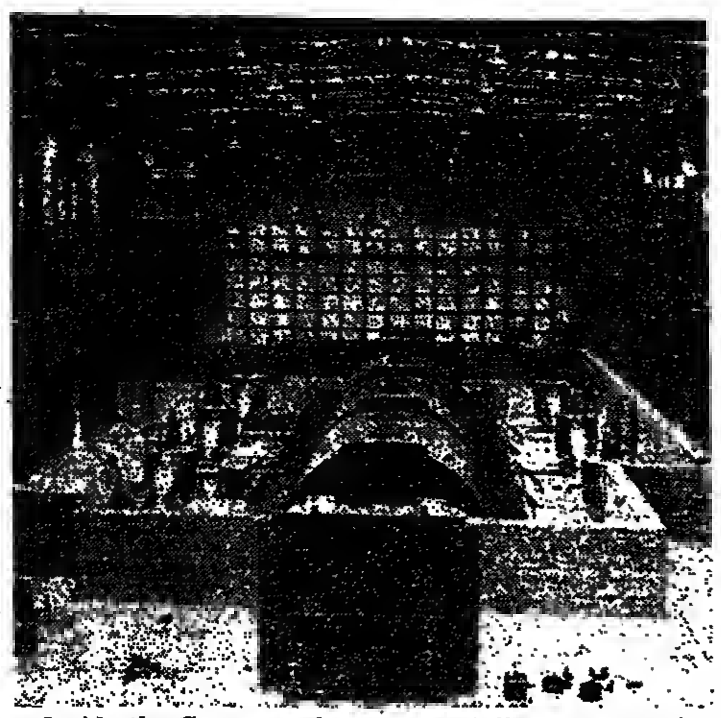
Against this broad background, a series of important engineering concerns grew around a nucleus of state and private chemicals conglomerates and around the state hydrocarbons agency, Ente Nazionale Idrocarburi (ENI). Increasingly too, these engineering companies looked abroad to export their technologies and equipment, as well as satisfying the basic demands of the internal market.

Moreover, it has been a traditional policy of successive Italian governments to negotiate barter deals with oil-producing countries to guarantee Italy adequate oil supplies. These deals have in general involved the export of Italian technology in return for crude, and in other cases joint exploration and drilling agreements between the state oil group and oil-producing countries.

New markets

Leading ENI engineering subsidiaries, such as Saipem, Snamprogetti, and Nuovo Pignone, have all enhanced their presence in the new markets of the oil-producing countries of the Middle East, Africa, South America and now China. ENI was also the first Western oil company to negotiate an oil supply deal with the Soviet Union, which in turn opened the way for major Soviet orders not only from Italian energy and petro-chemical industries but also from other industrial groups not specifically operating in the energy sector.

In Libya, Saudi Arabia and other Middle East countries, ENI subsidiaries like Saipem have been active in constructing refineries, while other Italian groups in the energy sector have won major pipe-laying orders and important contracts for the construction of desalination plants.



Inside the Caorso nuclear power station: at present Italy's only functioning major nuclear station

To boost supplies of crude oil and natural gas to Italy at a time of growing alarm over a possible pronounced oil import shortfall this year, ENI has also undertaken a number of major new collaboration ventures in oil-producing countries, while continuing its oil and gas exploration and extraction activities in Italy and off the Italian mainland in the Sicilian channel near Ragusa. The Milan chemical conglomerate, Montedison, has now also begun to extract oil, though in small quantities.

Of all the ENI collaboration deals, the most ambitious is undoubtedly the construction of a 2,500 km natural gas pipeline from the Algerian desert gas field of Hassi R'Mel, through Tunisia, under the Sicilian Channel and across the Straits of Messina to Italy as far north as Minerbo, near Bologna. Work on the pipeline, which will supply Italy with about 12bn cubic metres of gas a year from 1983, is already at an advanced stage. The Trans-Mediterranean pipeline, as it is called, exploits Italy's advances in the techniques of pipe-laying in deep water.

Among these, is the Castoro Sei—or Beaver Six—deep-water pipe-laying vessel built by the San Marco shipyard in Trieste for Saipem, which claims it is now leading the world in this sector of technology. While there are two other pipelayers —both American—the Viking Piper and the Semac—which are equally advanced technologically. They operate down to only about 1,000 feet, while the Castoro Sei will be operating at depths of 1,600 to 1,700 feet on the Trans-Mediterranean pipeline project. This, according to Saipem, is well within the vessel's capacity which is claimed to exceed 2,000 feet.

Italy's heavy dependence on imported energy has also meant that the country has for some time been looking towards alternative energy sources. Indeed, in solar energy Italy is among the pioneers, as is the Italian state-controlled Ansaldo energy engineering group. Moreover, the Common Market has elected to set up Europe's first solar power station, with an extremely limited capacity, in southern Italy. Work has now started on the solar plant near Mount Etna, in Sicily, while in the agricultural field an experimental unit has been set up in Umbria for use in tobacco production.

But it is increasingly evident that Italy's long-term energy problems are unlikely to be resolved without the introduction of a long-term energy plan to reduce the country's dependence on oil. For the past decade Italy has debated the controversial question of introducing a nuclear energy programme to avert the risk of an energy blackout towards the end of the 1980s. However, opposition by anti-nuclear lobbies and the indecision of the political parties effectively has prevented any nuclear programme from taking concrete shape.

Delayed approval

Yet should it overcome opposition to nuclear plants, Italy already has a well-prepared industry to undertake a sizeable programme. Encouraged by the logic of earlier nuclear energy proposals, heavy industry, much of it state-owned, invested substantially in nuclear production capacity. But in view of delayed approval of a national nuclear programme, it inevitably has suffered from a lack of government support. In turn, it also has had to rely on exporting its technologies to keep going.

The three main companies involved in the nuclear sector are Ansaldo Meccanica Nucleare (AMN) and Breda Termomeccanica — separate arms of the state-owned Finmeccanica group — and the privately owned Fiat company.

So far, AMN has been involved in the construction of the nuclear plant at Caorso, near Milan, built under a U.S. General Electric boiling water reactor (BWR) licence. This plant, with a capacity of 850 MW, has now been completed, but has had serious start-up difficulties and has yet to function at full capacity.

AMN is also working on construction of a twin BWR plant at Montalto di Castro, near Rome, which is to have a total capacity of 2000 MW. But these are the only two main projects in the nuclear field which Italy has so far approved after ten years of debate.

However, the Italian Government has recently drawn up a new 10-year energy plan aimed at guaranteeing the country sufficient electricity supplies through the construction of a series of nuclear, hydro-electric, thermal, turbogas and geothermal plants. The programme, if approved this time, will enable the state electricity utility, ENEL, to nearly double its present annual electricity capacity of 40,000 MW to 75,000 MW in 1990.

The plan envisages investments by Enel during the first five years of L20,600bn for construction by 1985 of five twin-reactor nuclear power stations starting with an overall capacity of 10,000 MW, a series of coal-fired stations with a total capacity of 13,500 MW, hydro-electric plants of 1,800 MW, turbogas stations of 1,130 MW and geothermal plants of 100 MW. The main target of the plan, coupled with substitution of coal for fuel oil in other thermo-electric plants, is to reduce the oil quota of the primary sources converted into electric energy from about 70 per cent last year to 42 per cent in 1990.

Despite a threatened national referendum on the nuclear issue by the small Left-wing radical party and calls for further consultations by the Left-wing parties and the trade unions, the Government appears intent this time on going ahead with its nuclear programme. Sig. Antonio Bisaglia, the Industry Minister, warned that Italy could no longer afford to continue on its past day-to-day policies towards its long-term energy problems. "It is not a question of drawing up plans. We have plenty of these. It is now a question of finally implementing the nuclear programme."

According to the plan, the Government is proposing to build five twin-reactor plants with an overall capacity of 2,000 MW, to be sited in Piedmont, Lombardy, Friuli-Venezia-Giulia, Molise and Aprilia. These would be added to Italy's three small first-generation nuclear plants built in the 1960s with a total capacity of barely 600 MW, together with the second-generation 850 MW plant at Caorso and the Montalto di Castro twin-reactor plant now under construction. If the five new nuclear stations are finally built, Italy will be able to increase its overall nuclear capacity in the 1980s to 13,450 MW.

At the same time, the Italian Government has also asked Italy's two major nuclear suppliers—the state Finmeccanica group and the Turin-based Fiat conglomerate — to reach an agreement to rationalise and co-ordinate production activities for the construction of the new nuclear plants by the end of March.

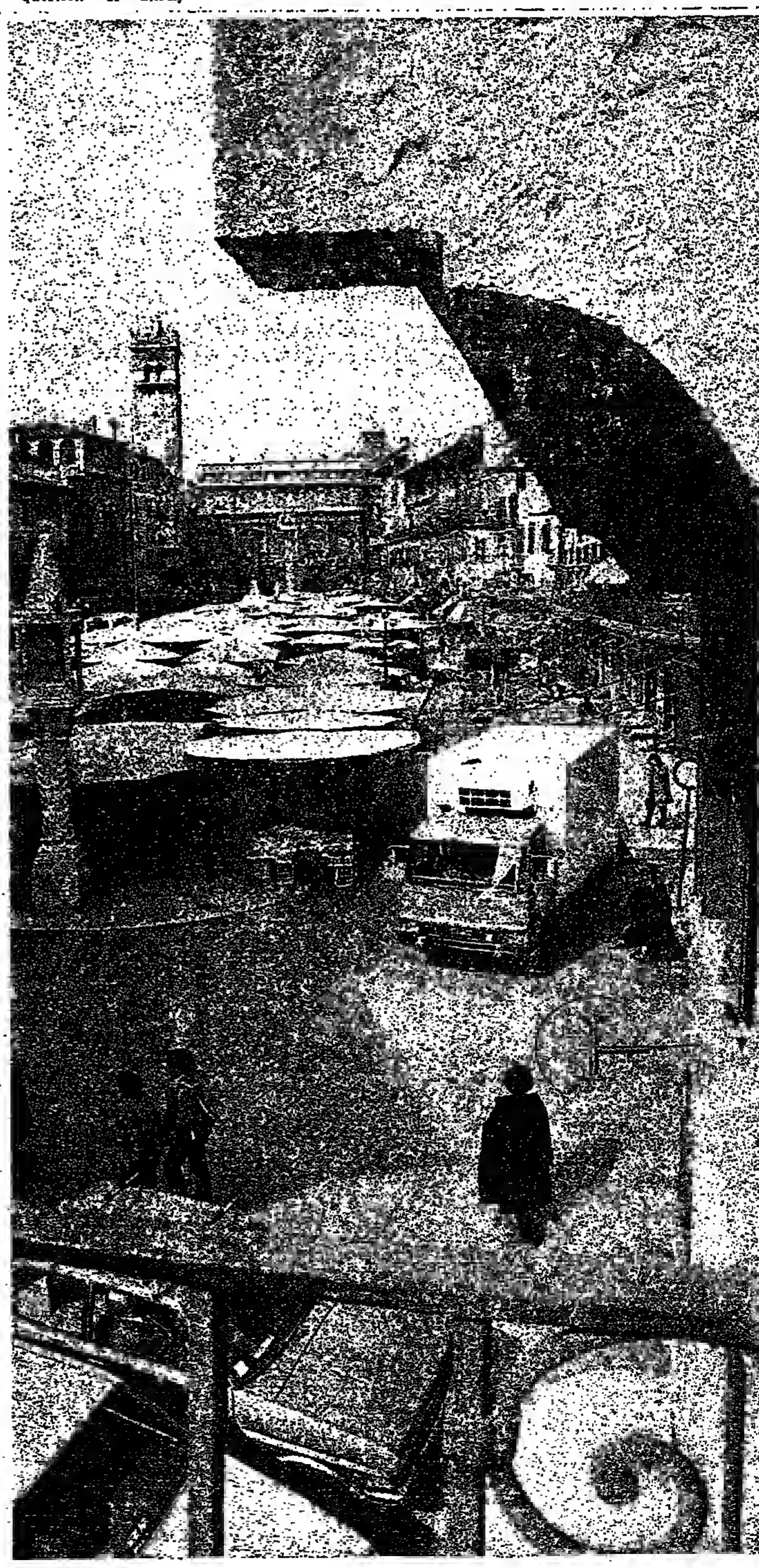
Different licences

At present, the two groups operate on different U.S. licences. Finmeccanica owns a General Electric BWR licence, while Fiat controls the architect engineering presurised water reactor (PWR) Westinghouse licence.

Although both the completed Caorso plant and the 2,000 MW twin-reactor plant at Montalto di Castro are based on the BWR licence, the Italian Government now appears to prefer the Westinghouse PWR system for the five new-generation, twin-reactor nuclear plants.

To this end, negotiations are now at an advanced state between Fiat and Finmeccanica to set up a joint company for the construction of the new nuclear plants. The joint company is expected to be controlled by Finmeccanica, whose manufacturing activities in the nuclear sector are substantially larger than those of Fiat's.

Paul Betts



ITALIAN ENGINEERING IV

Civil engineering boom ends

THE EXTRAORDINARY boom of overseas business for the Italian civil engineering industry, which throughout the late 1970s made up for a stagnant domestic market, now appears to be drawing to an end. After multiplying almost 50-fold, from L70bn ($87m) in 1970 to a record L3,100bn ($3.8bn) in 1977, new foreign orders dropped by a quarter in 1978 to L2,250bn ($2.8bn), and although the final figures for last year are not yet assembled, a further decline seems almost certain.

In a sense the changed trend is but a return to normality after the headlong expansion of the early OPEC years, which saw the rich oil-producing nations account for two-thirds of new orders in 1977. But there are a number of other ominous pointers that this sector of Italian industry, of the utmost importance for the country's foreign trade, may be facing a much tougher ride in the next few years.

In the first place the long-standing problems of the industry at home remain. The building sector, for all the chronic shortage of new homes, particularly at the cheaper end of the market, is in a state of permanent crisis. The legal obstacles to its operations were well illustrated by this month's constitutional court ruling which, in effect, threw out the main law governing land purchase by the state. And Italy's public authorities, when they do place contracts, are notoriously slow payers, even though there are some signs of an improvement on this front.

The civil engineering industry therefore has been forced to look very much overseas for its survival and the new work required to keep active a total workforce including subcontractors estimated at 500,000.

There are many reasons for the success with which Italian groups seized the unique opportunities of the 1970s. A generally weak lira, especially after the virtual breakdown of the fixed exchange rate system in 1973, gave the industry a strong price-competitive edge. Moreover, an inherent aptitude for heavy engineering is in the Italians' blood—as a quick consideration of the massive Roman constructions which still litter the landscape of the entire Mediterranean basin will testify.

In many ways Italy is still a developing country, and characteristics which easily can appear vices in North European eyes becomes virtues, of comforting familiarity to the Third World. The readiness of Italians to migrate for work within their own country has meant (at least until recently) that they have been relatively ready to travel for lengthy periods to foreign countries to work on projects.

Comparatively free from a past of oppressive colonialism, Italy's major groups have won a less suspicious welcome in newly independent states. In addition, the presence of a strong Communist party, which has extended its influence into business, has helped to open up markets in countries with strongly Left-wing regimes in power, and behind the Iron Curtain.

Key element

Intercoop, for instance, an arm of the Left-dominated Lega (League) Delle Co-operative, is often a key element in such deals. One of its divisions, CMC, is a near-constant thread in dealings with Algeria, where about L300bn of Lega-related contracts are in progress. The Lega is intensifying its activities in Mozambique and Angola; both potentially rich African states with Marxist governments.

Closer to home, involvement by the Lega has paved the way to a great number of contracts in the Soviet Union and the Eastern bloc, often of the medium size which do not make newspaper headlines. The latest move in that direction was the launch of a consortium comprising Conaco, the Legas construction arm, alongside such companies as Montedil (of the Montedison chemical group) and the privately-owned Dal Vera and Merloni concerns, to bid for new hotel and tourist development projects behind the Iron Curtain.

The timing of the announcement was also significant, towards the end of January, at the height of the controversy over economic relations between East and West, following the Soviet invasion of Afghanistan. The message was clear enough: despite the evidence of a new cold war, as far as Italian industry is concerned, it's business as usual.

Nonetheless, times are changing, and clearly for the worse in export markets. The latest round of OPEC price increases has hit the developing world harder than any other countries, and by doing so can only jeopardise prospects of big new orders from these potential markets as more precious foreign currency goes to purchase ever more costly oil.

At the same time, the upheavals in Iran and elsewhere have dimmed the industry's prospects—even though Condotte d'Acqua, the subsidiary of the state-owned IRI conglomerate, and one of the biggest Italian civil engineering groups, seems to have been more fortunate than many in managing to hang on to a fair share of the Bandar Abbas steel works and port development contract it won when the Shah was in power.

Equally menacing is the growing challenge from recently-developed nations which are starting to export their own civil engineering expertise—Brazil for one, but above all South Korea, which is assuming the proportions of a new Japan in some of the Middle and Far Eastern markets where Italian groups have hitherto done well.

South Korea, according to European sources, can undercut Western tenders by sometimes as much as 25 or 30 per cent, thanks to lower labour costs and the ability to hold prices steady for two or three-year periods. One estimate is that recently that country has been winning up to 35 per cent of the rich Middle Eastern market. Meanwhile, as Italy itself grows steadily (and visibly) more prosperous, despite the misleading frequency of Government crises and endemic political stalemate, it is becoming harder to find people willing to spend time abroad, despite the very high expatriate pay rates on offer.

In the last two years also, Italian industrialists in the sector have complained about poor export credit and guarantee facilities from the Rome Government. Last August, however, the ceiling on export credit guarantees was lifted to L4,500bn ($5.5bn), and coverage for political risks (essential in the Third World) lifted from 50 per cent to 85 per cent.

Lurking risk

In the background too lurks the risk of reduced competitivity—or at least a squeeze on margins—as a result of the relative strength of the lira, since March 1979 within the European monetary system (EMS), and for a long period one of its star performers. When contracts are dollar denominated, this danger is all the greater.

However, the industry today is in a stronger position to resist than it was 10 years ago. Two decades of experience, and a proved track record of reliability and quality are now buttressed by a sound national financial position, which offers a cushion for risks that do have to be taken.

Most important of all perhaps is the structure of the industry itself. Most of the engineering concerns — FIAT engineering, Condotte, Snamprogetti (part of ENI, the state energy corporation) and Conoco, for example, are all part of much larger industrial groups. This in turn often allows Italian contenders for an order to offer a comprehensive package, bringing in required skills and technologies from other parts of the group, with a greater flexibility and adaptability than their rivals.

This formula is much criticised in Italy for its unwieldiness and inefficiency, but as far as civil engineering orders abroad are concerned, the reverse appears to be true. In any case these "package" deals are an important component of the advantages Italy seeks to offer when concluding bilateral oil supply deals abroad. ENI, for example, can offer technological co-operation with the supplier country, not just from within Italy, but from within its own group.

Rupert Cornwell

A huge vessels is delivered to the £300m fluid catalytic cracker unit being built at Pembroke, South Wales, for which Snamprogetti is the main contractor. Completion is due early next year

High exports of machine tools

THE ITALIAN machine tool industry is the product of the re-birth of Italian industry in the 1960s. This gave it a strong start over the more aged machine too industries in western Europe, which have found it necessary to adjust constantly to the changing requirements of their industries in the post-war period.

The Italian industry's advantage is that it grew up around the needs of the expanding automotive, domestic appliance and electrical industries, during a surging growth period.

From the start, therefore, the machine tool industries in weststood the need to produce the sort of equipment that was required by industry. In many cases, this was done on a very localised basis. The structure of the industry in Italy today still reflects the nature of its start; a predominance of small companies specialising in particular products.

Since those days in the early 1960s, the industry has grown significantly. Italy is now the fifth-largest producer of machine tools in the world, with output in 1978 totalling L900bn (£484m). At this level, it is producing about 40 per cent more than the UK, Switzerland and France, all of which have machine tool industries dating back much further than Italy.

Although Italy is a fairly large consumer of machine tools (ranking seventh in 1978 according to statistics compiled by American Machinist and individual trade associations), it has a sizeable production surplus which is destined for export. In 1978, it exported machine tools to the value of L506bn, putting it fifth in the world exporting league.

In 1979, this figure rose to an estimated L570bn, a 17 per cent increase over the previous year after allowing for inflation. The estimated value of production in 1979 was L1,100bn, only 3 per cent higher than 1978 at constant prices.

A high export ratio is a common feature of the European machine tool industries. Italy, exporting about 55 per cent of production, ranks after West Germany, exporting 65 per cent, but higher than the UK (about 50 per cent).

Imports went up by about 10 per cent last year, but as a percentage of total sales of machine tools in Italy, they represent only 29 per cent. Corresponding figures for France are approximately 48 per cent, the UK and Switzerland at 47 per cent, and the U.S. at 21 per cent.

The most recent breakdown of Italian exports of machine tools is for 1978. It shows the Soviet Union as the largest single market, followed by West Germany, France, Romania, Brazil, the UK and Poland. The importance of the Comecon markets bears some relation to various projects that are being carried out by Italian industry in these countries. For instance, Fiat advised on the recent expansion of the Soviet automotive industry.

The technological content of Italian machine tools has always been high, emerging as it did from the predominantly small firms rather than large corporations. Today, Italy shows that it has adapted probably faster to the needs of customer industries than other European manufacturers.

About 20 per cent of machine tool products are numerically controlled—mostly lathes and machining centres which have proved to be the growth products of the late 1970s.

At the European machine tool exhibition held in Milan last autumn, many manufacturers took the opportunity of launching their latest numerically-controlled equipment on the market. They also included a fair sprinkling of robotics, dominated by the now-famous Fiat assembly lines using robots.

Fragmented

However, the still largely fragmented structure of the Italian industry is causing some concern to its well-organised trade association, UCIMU. While it is recognised that the structure was invaluable during the severe worldwide downturn in 1975-76, allowing a degree of flexibility denied to larger companies, there are fears that the industry will not be able to stand up to the relatively high volume production of some of its competitors.

Japan, which has turned its exporting attention almost exclusively to numerically controlled lathes and machining centres, can offer its products at prices which are generally lower than European or American producers. So far, Japan has not sold much in Italy, but the Italian industry expects that it will soon turn its attentions towards the Mediterranean countries.

Small companies can also be at a disadvantage as export producers, particularly as customers in certain industries increasingly want to be supplied with whole manufacturing systems linking together machine tools. This sort of package, which can also involve finance, needs to bring together several small companies, each with their individual speciality.

UCIMU is trying to promote such consortia for export deals, and also to bring together companies for the purpose of developing technology, and more efficient use of their own plant—machines, for instance, which are idle being hired out to other manufacturers. UCIMU thinks this co-operative effort is essential if the companies are not to be swamped by large corporations in the world markets.

The individualism of the small manufacturers makes the UCIMU's task quite difficult, but it is expected that manufacturers' awareness of the problems of exporting will bring them round to it. UCIMU rules out any suggestion that the industry needs restructuring, preferring to preserve the innovative spirit of the small company. It is also notable that they tend to be more profitable than their larger brethren.

Machine tools are an essential sector of manufacturing industry. Italian engineering has been a growing force in Europe, tending to specialise in those areas with growth potential. The industry's advantage is that it has not been shackled by out-of-date equipment as in the older developed economies of Europe, and investment in machine tools has been high.

The growing problems in Italy's domestic economy, however, are putting pressures on the machine tool industry. The high rate of inflation, labour unrest, and then difficulties emphasise the need for the industry to maintain its high export levels if it is to survive at its current size.

As with the rest of Europe, where the machine tool industry is considerably larger than the requirements of their domestic markets, this must mean continuing emphasis on advanced technology machine tools.

Statistics show that in Italy, more than most other European countries, the machine tool industry has specialised. This means that the requirements for certain types of machines, for example, gear cutting machines, has to be met almost entirely by imports.

International specialisation in machine tools is growing, but for Italy, as for every other country, it means that its manufacturers must be in a position to develop its specialist technology if it is to retain its lead.

Hazel Duffy

Buoyant sales abroad for textile machinery

THE ITALIAN textile machinery industry has a long and well established tradition, but it is in the last 25 years that the industry has become the fourth largest in the world after West Germany, Switzerland and the United States.

The industry in Italy relies heavily on exports and it continues to command a growing presence on foreign markets despite the economic difficulties of the last two years. Out of an annual turnover of some L550bn, exports of Italian textile machines accounted for about L350bn.

Only a few months ago, Savio, one of the textile machinery subsidiaries of the Italian State holding, Ente Nazionale Idrocarburi (ENI), won for the second time in barely 12 months a major order from China. Other Italian companies have been active in developing countries in South America, North Africa and the Far East.

But the bulk of export sales revenue continues to come from the West European and North American markets. Indeed, France absorbs nearly 30 per cent of the total of the Italian industry's annual exports, closely followed by West Germany and Britain.

Strong force

However, although the industry exports between 60 and 70 per cent of its output, its success is also in large measure a direct consequence of the domestic textile sector, which has continued to emerge as a strong force in world markets at a time of general contraction in the sector in Western Europe as a whole.

While a number of Italian textile companies have been severly hit by the recession and indeed some have been forced to close, the industry at large has nonetheless maintained its remarkable series of substantial annual trade surpluses of the order of some L6,000bn in recent years.

In the first half of last year, sales in volume terms continued to increase by between 10 and 15 per cent. In cash terms they grew by between 20 and 25 per cent over the same period against a domestic annual inflation rate running at nearly 20 per cent.

Part of this success is of course the high quality of design, colour and style of Italian textiles, which has acted as a major stimulus for the development of the textile machinery sector. In the case of the clothing industry alone, the sector recently reported an overall turnover of L25,000bn last year, representing a 25 per cent increase on the previous year. Moreover, the trade surplus of the clothing industry totalled L8,000bn last year.

Another major driving force behind the development of the sector has been its ability constantly to improve itself technologically. This in large measure is the result of the industry's peculiar structure. It consists of a vast number of small and medium sized companies, concentrated in the industrial belts of Lombardy, Piedmont and Uscany around the city of Prato near Florence.

There are only eight textile machinery companies employing more than 500 people and six of these are controlled by the State ENI group. The other 220 companies are all medium or small manufacturing groups. Of these, 36 per cent employ fewer than 50 people, while 34 per cent employ fewer than 10 people. In all, the textile machinery industry in Italy employs about 30,000.

Like the country's other myriad of small and medium size industries, these companies have traditionally represented one of the more profitable ends of the Italian economy. Their structure has enabled them to be flexible in their operations, encouraging constant technological renewal. At the same time, their size has kept them immune from the increasing labour problems and labour costs which have afflicted Italy's larger manufacturing groups.

Protracted negotiations for a series of major national labour contracts resulted last year in severe loss of production for many major Italian companies, but smaller companies, including those in the textile machinery sector were only marginally affected.

Accused

To avoid being sucked into more difficult labour relations, smaller companies have tended to boost their expansion on technology, on the widespread use of subcontracting to other small concerns, and, when necessary, on imports of components. In the case of the textile machinery sector, more than L200bn worth of components were imported last year. At the same time, these smaller companies have on occasion been accused by their foreign competitors of unfair competition in view of their aggressive pricing policies. While they have at times made use of so-called "black" or "double" labour to contain overall manufacturing costs, it has never been as widespread as it is sometimes made out.

The sector's export performance during the last two years has also been assisted by the skilful management of the country's currency by the monetary authorities. Despite Italy's entry into the more rigid monetary discipline of the European Monetary System last year, the lira has effectively been guided on a middle course between a declining dollar and rising European hard currencies.

The decline in the dollar has meant that the cost of raw material imports, in large measure paid in dollars, has been contained, while the increase in the rate of the hard European currencies has made the lira more competitive, helping export performance in the traditional markets of countries like West Germany and France.

But the current domestic and international economic situation is now causing increasing concern among textile machinery manufacturers. With an annual inflation rate of nearly 20 per cent, the lira and export competitivity, are coming under pressure and being undermined. The dramatic rise in raw material prices is also beginning to bite, while the country's current difficulties in energy supplies could have further damaging repercussions. Coupled to all this, the textile machinery sector is facing growing competition from manufacturers in developing countries.

Up to now the industry as a whole has succeeded in coming to terms with seasonal and longer-term problems by relying largely on its own devices. In a sense, the decision to push the sector up market, concentrating on more sophisticated technological machinery, has been one of the replies of producers to the challenge from the developing countries. In the same way, the attempts to form joint export consortiums are another device to boost overseas sales revenue.

But the industry believes it can no longer rely solely on its own inventiveness and resources. The current problems of the country's large industrial groups could work themselves down to small and medium sized industries. Already, the present climate of uncertainty has seen a marked drop in investment on the part of these smaller concerns. They are now likely to be further dampened by the high cost of money, which, with a prime borrowing rate at 19.5 per cent, is again at the record levels of the last lira crisis in 1976. In unchanged circumstances, and in the absence of any fundamental supports from the Government, the banking system and the trade union movement, this could be a particularly uncomfortable year for the Italian textile machinery sector.

Paul Betts

Tractor makers plan 1980s export drive

By a Correspondent

IF ITALY'S two leading tractor manufacturers, Fiat Trattori and Same-Lamborghini, have their way, the 1980s will see a big new export drive for Italian products in the world tractor market.

With a solid domestic market behind them, the two Italian companies rank fifth and sixth respectively in the world producer league, behind the four American giants Massey-Ferguson, John Deere, Ford and International Harvester. In 1979 the two companies together accounted for more than 80 per cent of the Italian market, and each exported well over half of its production.

But if 1980 opens on a challenging note, 1979 has been for both companies a year of labour difficulties and trying union negotiations. "A year of lost opportunities" is how Fiat described it in a recent letter to shareholders, stressing the impact of strikes on the Fiat group's production of both cars and tractors.

Labour stoppages during the acrimonious renegotiation of a three-year labour contract for the industry meant that Fiat Trattori, a subsidiary of the Fiat Corporation, lost more than 2,000 tractor sales, most of them abroad. Worldwide Fiat tractor sales rose 2.4 per cent in 1979 to 64,225, of which 62 per cent were exports. But although Fiat raised the export share of its sales by four percentage points and added one point to its share of the Italian market to bring it to 37 per cent, production at 53,400 was below target, and strikes caused delays in deliveries.

For Same too, it was a year of difficult labour negotiations over a plan to increase production as part of a bid to capture new export markets. With a turnover last year of about L300bn (£370m), Same and its subsidiary Lamborghini last year had 25 per cent of the Italian market and exported 53 per cent of their production.

But a plan to boost group production by up to 20,000 tractors a year at Same's Treviglio plant in Lombardy and the Lamborghini plant at Pieve di Cento near Bologna was held up for almost a year by union demands that the family-owned company should instead take over a loss-making company in Sardinia. After months of strikes and negotiations, agreement between the two sides was reached last January and the way is now clear for the Same management to set up a third assembly line at its modern Treviglio plant, raising production there from 20,000 to 33,000 tractors a year, and to expand output at the Lamborghini plant—which it took over in 1972 from the state firm Gepi—from 8,000 to 15,000 tractors a year.

Instead of the Sardinian venture demanded by the unions and adamantly rejected by Same, the company's management has agreed to invest new funds in a factory to be built somewhere in southern Italy, and details are expected to be announced later this year.

Same, founded by Francesco Cassani, who in 1927 designed and built the world's first diesel-engined farm tractor, has expanded enormously in the last couple of decades. The Treviglio factory started industrial production in 1948, and in 1952 Same launched a four-wheel drive tractor drawing on an idea first conceived in 1928.

The main growth has been achieved since 1965, and in 1969 the family concern was converted into a joint-stock company. But with ownership of Same still in the hands of the Cassani family, the company typifies the versatility and entrepreneurial drive which is the force behind the Italian economy. Profitable and dynamic, Same last year made a net profit of about L18bn ($22m) on turnover of L300bn, and its management is aiming at sales of L400bn for 1980.

This will still be some way behind Fiat Trattori, which last year recorded sales of about L900bn, but Same has aggressive plans for expanding its exports in Europe and North America. Specialising in four-wheel drive, tractors with air-cooled engines, Same places great reliance on the quality and range of its dealer and after-sales service. In the U.S., Same-Lamborghini's relatively cheaper prices and low fuel consumption have helped it to attract sales, and the company aims soon to be selling more than 1,000 tractors a year on the U.S. market.

In the European market outside Italy, Same intends soon to build its share of sales up to 5 per cent, from 3 per cent at present, through aggressive sales campaigns and the purchase of dealer networks. In France, West Germany and Spain, Same has its own marketing subsidiaries, and in Holland, Belgium and Switzerland it has achieved market shares through dealers of between 7 and 10 per cent.

In Britain, Same's sales are still relatively small, even though they have tripled from 150 to 450 a year in the last couple of years. Over the next five years the company's aim is to raise annual sales to about 1,500, taking advantage of growing demand for four-wheel drive tractors to win a 5 per cent share of this market.

Elusive

A so-far elusive market for both Same and Fiat is China, where both companies have been negotiating for potentially major contracts: In Same's case, contracts have concentrated mainly on the sale of tractors, while Fiat has submitted a $1bn project for the construction of a tractor factory using Fiat technology. But although Fiat recently obtained permission to open a representative office in Peking, negotiations on the factory project show no sign of an early conclusion.

In Europe, by contrast, Fiat achieved the overall leadership with a 12.2 per cent share of the market in the first half of 1979. Fiat, the number one producer worldwide of agricultural crawler tractors, has for some years been selling its products in the U.S. under the brandnames of Allis Chalmers and White. Its own subsidiary in the U.S., Hesston, a manufacturer of hay and forage harvesting machinery acquired in 1977, last year boosted sales by 30 per cent, while Fiat marked the 60th anniversary of the production of its first tractor with the launching last year of eight new models at the upper end of its series 80 range, with a capacity of between 100 and 180 horsepower.

Fiat Trattori has the benefit of worldwide marketing networks and assembly and licensing agreements in a number of foreign countries. But last year was a disappointing one for the Fiat group as a whole, and Fiat Trattori will be expected to make its contribution in 1980 to a hoped-for turnround for the group.

Ambitious ideas to export electronics

THE ITALIAN electronics and telecommunications industries, over the past decade, bave not shown the same strength in export msrkets as the antomobile and engineering sectors. However, there are exceptions to that blanket description, and there are ambitious plans for improving these sectors' performances.

The major Government initiative for improving performance is known as Law 675, announced over a year ago. It provides for large-scale subsidy of the electronics industry, with £300m earmarked for direct grants, a further £140m in low interest loans and another £125m in increased Government expenditure. The aim is both to modernise industry as a whole, to make the electronics industry in particular more competitive, to cut back on imports and to boost exports.

To these ends, public purchasing policy, especially of computers, will be stepped up, new communications systems — as viewdata and fibre optic transmission — experimented with and research and development projects identified and supported.

Joint ventures

In addition, attempts will be made to create joint ventures between Italisn companies and multi-nationals, while leading companies such as Olivetti will be supported to belp them achieve some of the plan's objectives. State cash will be disbursed through two funds: an industrial restructuring fund, and a research and development fund administered by the publicly-owned investment bank, IMI.

The investment is large, the largest so far announced in one package by sny European Government in support of its electronics/communications industries. Bot then, the problems are large, too: Italy bsn no Italian-owned manufacturer which made a full range of computers, it was weak in consumer electronics, in semiconductors and in telecommunications. There was much leeway to be made up, and there still is—but some progress bss been made.

Italy has taken a step away from relisnce on the two U.S. subsidiaries, IBM and Hisi-Honeywell (a joint venture), through a far-reaching deal between the sector's strongest company, Olivetti, and the Japanese electronics company, Hitachi. Under its terms, Olivetti will take on the medium and large-sized Hitachi computers, to flesh out its range of small machines and peripherals.

The agreement is of interest for three major reasons. First and most obviously, it gives Italy the potential of an integrated computer/office equipment company, and gives Olivetti the opportunity to find markets which had previously been closed to it. Second, the deal closely parallels one drawn up two years ago between the West German company Siemens and the Japanese company Fujitsu: there are thus now two European electronics companies with strong Japanese links in data processing.

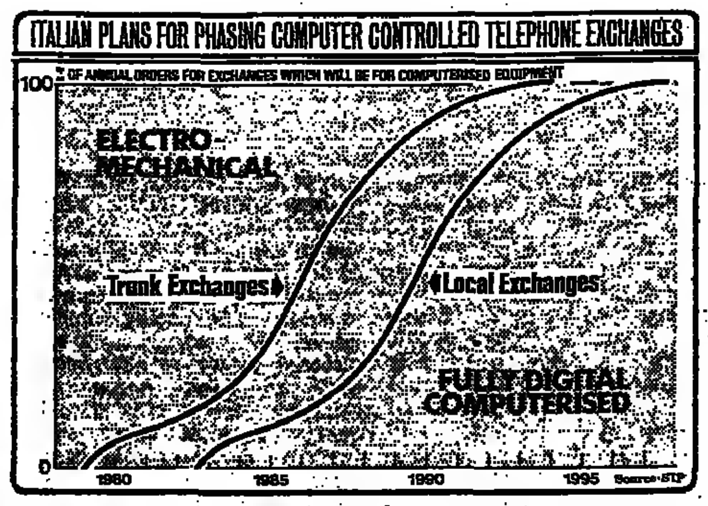
Third and most important, Olivetti's range, like Siemens, is IBM-compatible and indeed the Hitachi computers are virtually the same machines as the Fujitsu/Siemens ones, having been developed jointly. This means that Siemens/Olivetti/*Fujitsu/Hitachi now potentially* form a powerful, IBM-compatible bloc whose marketing strategies could be (to some extent already are) co-ordinated, offering a strong challenge to IBM itself, but even more to other U.S. or U.S./European companies (like France's Cii Honeywell Bull or Italy's Hisi-Honeywell), and to the UK's International Computers.

One of the strengths of the Italian electronics industry, as the rest of Europe knows to its cost, is the domestic appliance sector—though it is probsbly true that the success owes more to rapid automation of manufscturing plants than to Government support. Compsnies like Zanussi aod Candy bave become household names beyond Italy, largely because of the familiar but successful combination of low price, good design and comparative reliability.

The industry bas been successful enough to establish plants throughout Europe, a recent acquisition being the Colston plant in the UK. Success brings its own problems, and the Itallsns are finding stiffer resistance to their onslaught now, as European compsnies fight bsck.

Olivetti itself (apart from its computer activities) must be considered as one of the country's most successful groups. Employing about 60,000 people, half of these abroad, it is Europe's largest manufacturer of office products, traditionally strong in typewriters bnt now diversified into word processing systems, data switching teleprinters and, as we have seen, computer terminals.

ITALIAN PLANS FOR PHASING COMPUTER CONTROLLED TELEPHONE EXCHANGES



It will be well placed to take *advantage in the expected boom* in electronic office equipment, and is indeed already doing so. It remains relatively weak, bowever, in telecommunications—thongh thst capability has been growing very much in recent years — when compared with its largest competitors.

Since it is probable that the most successful office equipment companies will be those which bave developed advanced communications expertise (as IBM, which sets the industry standard, is now doing), then it seems likely that Olivetti will respond by continning to make efforts in this direction.

Telecommunications itself is an undeniably weak sector in Italy, compared with every *other major European company.* The key to its weakness is seen by many as being fragmentation within the industry: five companies — the state-controlled SIT-Siemens, subsidiary of the U.S. company General Telephone and Electronics, the ITT subsidiary FACE, the Ericsson subsidiary Fatme and the Fiat subsidiary Telettra.

Each of these, including Sit-Siemens and most recently Telettra, is developing its own independent switching system and, though the Government bas made it clear it would like to see less fragmentation there are no signs of rationalisation. Pressure for it continues, however, and there are indications that a variety of groupings are being discussed, including at one stage a Fiat/Telettra takeover of GTE'a interests.

The problems with any re-arrangement is that all three multinationals are fiercely competitive, large telecommunications companies, each with a competing switching system and with enormous hunger for world markets, while Sit-Siemens and Telettra have too small a homs *market to allow* them to get domestic economies of scale, and do not yet possess switching technology modern enough to give them a large international market.

Winning exports is seen as the critical task for this industry, and indeed many of the companies have been successful in doing so. But the problems of size, and the lack of a switching system which can compete with the new digital-electronic switches now sweeping the market, remain critical.

SIP, the state-owned PTT, has not played an active rols in promoting change, and has a mnch less ambitious ordering programms than France, West Germany or ths UK—600,000 lines a year, against 2m in France and well over 1m in West Germany and the UK. The installed base is 11m lines, compared to France'a 12m and the UK's 15m.

In semi-conductors, now identified by most advanced countries as the most important part of any electronics strategy it may elaborate, Italy is again weakly placed. Its most powerful company is SGS-ATES, which is a medium-sized semiconductor manufacturer with a growing export record, and which will benefit most under the Government's plans for the industry.

Dominated

However, Italy's market, like those of all other European countries, remains dominated by U.S. and Japanese imports, while it probably requires links with U.S. or Japanese semiconductor houses to help its own companies acquire sufficiently advanced technology to climb the ladder.

Finally, the area in which Italy has achieved world renown is in robotics—largely because sttention bas been focussed on the social effects of micro-electronics, and the robot assembly lines at Fiat were eminently televisual to prove doom-laden points on future mass unemployment. Fiat has played up to the free publicity by promoting its Strada model as the first robot-built car. Certainly, Fiat bas been innovative ahead of its time—but one or even a few robot assembly lines does not make a successful industry, much less a revolution, and even the Strada is more human than robot-made.

John Lloyd

Aerospace groups thriving

THE SUCCESS of Italy's aerospace industry *is in* a curious way a reflection of the paradox of the Italian economy as a wbole: in a world in which apparently the pressures are for ever-greater concentration of production, it thrives largely thanks to its fragmented structure. But like the country's economy, and its bedwork of small and medium-sized companies, the question remains of how loog this state of affairs can bappily continue.

The fact, nevertheless, is that today the country's aircraft and helicopter maoufacturing companies are faring very well—better than could ever have been realistically envisaged 10 years ago wben dreams were still afoot of lifting Italy into the "first division" of manufacturers, possessing an industry fully competitive on all fronts with the establisbed pace-setters of European aerospace in France and Britain.

That the industry is now amply competitive can be seen from the figures alone. But this reflects not an overriding emphasis on size alone, but on the ability of practically every Italian manufacturer to find a niche within the market, where a particular aircraft or product may flourisb. *Although final* figures for 1979 are not yet available it is certain that the industry's total turnover will have exceeded L1,000 bn ($1.2bn) for the first time, and investments overall will bave reached L75bn ($93m).

This is perhaps modest wben set against the $5bn turnover of the French industry, or the 200,000 employed in the sector in the UK (in Italy the comparable workforce is 36,000). But the Italian aerospace companies are almost uniformly profitable whether publicly or privately owned, and they are a source of great technological innovation for the economy at large.

This is no mean boast, particularly as far as the publicly-controlled manufacturers such as Aeritalia and Augusta (of the Efim group) are concerned, *given* the *appalling financial* plight of virtually the entire state sector in Italy.

Need to modernise

But alongside the ability to discern a promising market area, another factor is working in favour of the manufacturers, if somewbat belatedly: the rapid rise in Italy's defence spending, largely spurred by the long overdne need to modernise the country's defences within Nato at a time of growing international tension.

For 1979, military outlays rose more than the 3 per cent target laid down by Nato, to L5,119bn ($6,300m). True, ths absolute figure, and as a share of total GDP, is well below most major European countries, but the modernisation programme is baving important benefits for the aerospace producers.

In the first place Aeritalia, the subsidiary for the aerospace producers.

In the first place Aeritalia, ths subsidiary of the State-owned IRI-Finmeccanica group, is beavily involved in the programme for the three-nation Tornado multirole combat aircraft, to enter service from 1981 on in the Italian, German, and British air forces.

Aeritalia, moreover, is exerting strong pressure for its inclusion in another international venture, which could lead to the production of a new Anglo-French-German joint tactical aicraft for the 1980s, and sales of about 1,000 new aircraft. Indeed, the Italians are bopeful that involvement in the new project, which will not be *given* a *formal go-ahead* at lesst until 1981, could enhance the prospects of the AMX, a tactical support aircraft due to replace the ageing Fiat G-91 currently in service with the Italian Air Force.

The AMX, to be powered either by a derivate of the Rolls-Royce Spey engine or (perhaps more probably) by a new egine developed by Fiat and Alfa Romeo, is due to enter service by 1982, assuming that a final Parliamentary go-ahead is obtained by the two companies involved in its production. Aeritalia and the privately-owned Aeronautica Macchi of Varese.

Found a niche

Macchi, indeed, is a good example of the smaller producer which bas found its nichs in the market—in this case jet trainers cbeaper than anything on offer from its British and French competitors. About 860 Macchi MB-326 trainers bave been sold over the past 20 years, a large share of which have been for export, particularly in the developing world. Macchi indeed sells abroad about 80 per cent of its output, though that *proportion necessarily will drop* when production gets into top gear of the replacement of the MB-326, the MB-339, of which the Italian Air Force has ordered 100. Typically of the smaller Italian companies, Macchi (with sales of L70bn in 1979) is profitable, and 80 per cent self-financed.

However, orders placed by the Italian Air Force are not entirely un unmixed blessing. Ths chronic tardiness (though some signs of improvement have been claimed recently) of payment by *the* Government *has* been a severe burden on the finances of the major contractors. Aeritalia, for example, blamed mnch of its L17bn loss on a debt of L50bn still owing from the Defence Ministry on completed contracts. Meanwhile, bureaucratic delays in State aid for certain programmes has forced the group to replace the money by borrowing—at prohibitively high rates—on Italy's domestic market.

Indeed an improvement in the financial arrangements is perhaps one of the two main needs for the entire Italian aerospace industry, which bss often in the past been handicapped by comparison with its French and British rivals. The other—in theory at least—is to impose a more rational organisation upon a sector where concentration is still the order of the day abroad.

However, the seasoned observer of Italy's fortunes is entitled to doubt wbether sucb a plan might not create more problems than it solved, by involving a state notorious for delay, bureaucracy and blatant political interference, in an industry which frequently has bad to live by its wits.

By and large, moreover, it is managing very well. Although the bulk of Aeritalia's work until recently has been in the military sector (the Tornado, the G-222 military transport, and the AMX), it is now increasingly involved in the civil sector, through its stake in the Boeing 767 passenger aircraft programme.

The state company's interest in the venture, between 5 and 10 per cent, might be worth np to $2bn of business for it, as *well as equally clearcut* benefits in terms of jobs and technological advance. The deal's advantages are in any case starting already to flow through. Sales for 1978 rose 50 per cent to L200bn and orders exceeded L500bn.

The other major publicly-controlled aerospace concern, is of course Agusta—the manufacturer and licensee of the American Bell group of helicopters—which last year expected sales of more than L420bn, bas been generally profitable, and a source of considerable new employment in depressed southern Italy. In the private sector there are other companies as well as Macchi: Rinaldo Piaggio (separate from the motorcycle and scooter manufacturer), and Partenavia, to name just two.

Consortium

Both Fiat and Alfa Romeo, meanwbile, have their respective engine divisions, which under a recent agreement between the motor company and Alfa's parent Finmeccanica, will be linked in a consortium in which Fiat will have a majority stake, aimed at rationalising military engine production.

Fiat, in addition, is joining forces with Pratt and Whitney of the U.S. and West Germany's MTU to develop a new engine to enter service in the late 1980s, which will cut fuel consumption by 30 per cent. Again it is proof of the emphasis which the Italian aerospace industry is giving to joint ventures, *across national frontiers.*

Rupert Cornwell

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

How the Pru struck a blow for shareholders' rights

John Makinson on the implications of the Prudential v Newman case

AT 10.30 am on Monday of last week Mr. Justice Vinelott entered court 25 of the law courts and began his reserved judgment on the case of Prudential Assurance v Newman Industries and others. At 1 pm on the following day, he concluded his 35,000 word text, thanked counsel for their conduct of the case and left the court. His epic performance was appropriate to an action which has proved one of the longest and most expensive in recent history.

The judgment has, at least in theory, enhanced the rights of shareholders in a company and made it more feasible for them to bring claims against directors for breaches of duty. In so doing, it has brought British law more closely in line with North American practice. The Prudential case has, however, also served to highlight the monumental practical difficulties of this kind of action. In addition, it has raised serious questions about the adequacy of company law and stock exchange regulations.

The background to the case is both long and tortuous. It centres on the actions of two men, Alan Bartlett and John Laughton, and dates from the stock market failure of late 1974.

At that time, Bartlett and Laughton were respectively chairman and vice-chairman of three companies: Strongpoint, a private company which they owned, Thomas Poole and Gladstone China (TPG) and Newman Industries. Strongpoint owned 35.8 per cent of TPG, which in turn held 25.6 per cent of Newman.

TPG was an investment group with holdings in a wide range of quoted and unquoted companies. These stakes were used as collateral for extensive bank borrowings. As the stock market collapsed, the value of TPG's holdings was drastically reduced and its financial position deteriorated. New sources of finance were impossible to come by and the board found it hard to extend existing loans.

In these circumstances, Bartlett and Laughton arranged for the payment of £216,000 to TPG, taken from the cash-flow of Newman. Newman also paid £280,000 to Strongpoint in return for an option to buy shares in TPG. This second payment provoked considerable controversy and the option agreement was subsequently dropped.

The two Newman directors also drew up a strategy document, arguing that Newman was vulnerable to a takeover by TPG and placing a value of £350,000 on the net worth of TPG, excluding its holding in Newman. They then recommended that Newman buy this TPG package and Deloitte and Co., Newman's auditors, were brought in to make a valuation.

Laughton provided Peter Cooper, a partner in Deloitte, with information about TPG which was both inadequate and misleading. On the basis of this information, Mr. Cooper placed a value of £235,000 on TPG—again minus the Newman stake. A telephone call with Mr. Laughton persuaded Cooper to increase the valuation to £325,000.

Without the full board having been consulted, Newman subsequently issued a circular to shareholders recommending their acceptance of a scheme for Newman to buy the TPG package for £325,000, a figure arrived at after deducting £1,171,000 of liabilities from £1,496,000 of assets.

Dismissed

At this point, June, 1975, difficulties arose. Angus Murray, a non-executive director of Newman and the only voice on the Board opposed to the TPG deal, discovered that a proposal had been put to shareholders without his knowledge or consent. In the belief that he could make no further progress in a Boardroom dominated by Bartlett and Laughton, he alerted institutions to the circumstances of the deal, called for an independent inquiry into it, and sent a letter to the Press which outlined the grounds for his opposition and advised shareholders to vote against the proposal.

With pressure mounting from Murray, the chairman of Redman Heenan and of Fairey Holdings and from institutions led by the Prudential, Bartlett agreed to the inquiry and to an adjournment of the extraordinary general meeting. The Prudential pressed for a further adjournment without success and the TPG proposal was approved by shareholders at a meeting in late July 1975. The report of inquiry, drawn up by Schroder Wagg and Jeremiah Harman QC, was completed in February 1976 and gave qualified approval to the Deloitte valuation. At this point Murray was unceremoniously dismissed from the Newman board.

By this time, however, the Prudential had already served a writ on Bartlett, Laughton, Newman and TPG. The subsequently amended claim charged that the Newman circular was tricky and misleading and that Bartlett and Laughton's actions amounted to conspiracy.

The Prudential's step was highly unusual in several respects. First, it was unprecedented for a major institution to take legal action against the directors of a company in which it had invested. Second, the Pru was breaking new ground by proceeding with three separate actions.

The first course was thoroughly straightforward—a direct action in which the Pru claimed damages from the defendants. In addition to this, the Pru brought a representative action on behalf of all other shareholders. Finally, it instituted a derivative action in which it claimed damages from Bartlett, Laughton and TPG in the name of Newman Industries.

Representative and derivative actions are very common in the U.S. but, in this context, unusual in Britain. Professor Jim Gower, an authority on company law, says he cannot recall any case in which they have been used simultaneously.

In a derivative suit, the plaintiff in effect says that the

Alan Bartlett

company is controlled by its directors who are most unlikely to use the company to bring an action against themselves. Shareholders are therefore entitled to sue in the name of the company, to which damages will be paid.

The problem has been to define what constitutes control. The legal precedent for this defined it as voting control, which would obviously not apply in the case of Newman. The significance of Mr. Justice Vinelott's judgment is that the term has been redefined to accommodate de facto control.

The Prudential successfully argued that Bartlett and Laughton, through their influence on other directors and their handling of information presented to the board, effectively controlled Newman.

The judgment has made directors without voting control responsible to shareholders for a breach of duty owed to the company through which they benefit by allowing shareholders to sue in the guise of the company. The same principle could be applied to shadow directors, who may control a company without having a seat on the board.

It receives support from the Conservative Government's Companies Bill which says that "any member of a company may apply to the court by petition for an order under this section on the ground that the affairs of the company are being conducted in a manner which is unfairly prejudicial to the interests of some part of the members." In such circumstances, civil proceedings may be brought "in the name of or on behalf of the company."

Since there is no direct contractural relationship between shareholders and directors, both the direct and representative actions had to be brought against Bartlett and Laughton for a breach of fiduciary duty, amounting to a "tort."

It has always been possible to bring a direct action against directors on such grounds, but this is the first time that a shareholder has brought a representative action against directors. This is not a great legal breakthrough, but it does have significant practical implications.

An action of this kind is extremely expensive and in the case of a direct action the shareholder stands to gain damages only in proportion to his holding. If a Mr. Smith has 5 per cent of Jones and Co. and establishes that the actions of directors have caused a loss to the shareholders of £1m, he will receive in damages only £50,000—5 per cent of £1m. Any other shareholders would have to make entirely independent claims and the expense would be a powerful deterrent.

Through the representative action, however, one shareholder can bring an action from which all other members of the company (except the defendants) may benefit. They need only produce an order for damages to collect the cash. This means, for example, that an association of shareholders could pool their resources to bring a representative action in the name of one shareholder. They would all share in the proceeds and costs would be reduced accordingly.

In the case of Pru v. Newman the plaintiff alleged conspiracy by Bartlett and Laughton. It might, however, be possible to bring an action on the grounds of negligence. In such a case, directors could be sued for having failed to exercise the necessary skill and judgment in carrying out their duties. An unsuccessful business decision could, therefore, make them liable for damages.

The law on this point is a little unclear and a proposal in the last Labour government's bill to define the duties of directors has been dropped from the Conservative version. Yet a 1925 case could provide the necessary precedent in law for a negligence suit.

Even though the law in this area has not yet been tested, directors may now feel sufficiently threatened to take out insurance cover against action on negligence, though they could not of course protect themselves from a conspiracy charge. This kind of negligence policy has long been common in the U.S. and is slowly becoming available in the UK. A company called Directors and Officers already provides cover of between £500,000 and £5m for directors of a company.

It is none the less most unlikely that company directors will be flocking en masse to their insurance companies. To begin with, the legal system in the U.S. makes a representative and derivative action a more attractive proposition for both lawyers and shareholders. Lawyers frequently operate on a "contingency fee" basis by which they collect a proportion of total damages, often as high as 40 per cent, if the suit is successful and nothing if it fails. The potential rewards are high and many lawyers actively canvass this kind of business.

The benefits to the shareholders can also be much higher than in the UK, since anti-trust suits contain a "triple damages" provision, whereby the defendants must pay damages equal to three times the actual loss.

Furthermore, "class actions" in the U.S. have a long history, dating from 1912, and are embodied in the Federal Rules of Civil Procedure. Their implications have yet to be fully explored in the UK.

The most overwhelming reason why a proliferation of representative or derivative actions looks unlikely is illustrated by the longevity and expense of the Pru case itself.

Damages against Bartlett, Laughton and TPG have yet to be assessed and will probably not be paid for at least six months. If that is the case Newman Industries will receive compensation five years after completion of the deal with TPG. In that time, the share register will have changed beyond recognition and many of the shareholders who were indirectly injured by the deal (through its damaging effect on the Newman share price) will have sold their stakes long ago. The rights of such shareholders to damages have yet to be determined by the court.

The total cost of the Pru case will probably work out at around £750,000. The Pru's own bill could be over £300,000. Costs have not been assessed yet and in any civil action the successful party may not recover its full expenditure. To embark on an operation on this scale, particularly if there is a reasonable chance of failure, might be impractical for all but a wealthy group of private shareholders or a powerful institution.

There is, however, an opportunity for a plaintiff in a derivative action to pass on the costs, and this succeeded in a recent action. A court can order, before the case begins, that the plaintiff (in this case the Pru) can be indemnified for costs by the party for whose benefit he is suing (in this case Newman), win or lose.

Reluctance

The Prudential is to be congratulated on its determined action. At the same time, it will probably hesitate before repeating the performance, and other institutions must also be awed by the effort which has been required to right a wrong.

The reluctance must be all the greater because institutions are no longer under much pressure to attend to the interests of small shareholders. In 1975, when the Pru began its campaign, the institutions were under fire for having failed to protect the private investor from the ravages of the secondary banking crisis and stock market collapse.

Whatever the eventual significance of last week's judgment, the action itself has served a useful purpose in exposing possible weaknesses in company law and stock exchange regulations. It is, for example, most unlikely that the conspiracy of Bartlett and Laughton would ever have been brought before the courts but for the tactics of Mr. Angus Murray. His public intervention emphasised the crucial role which non-executive directors can play in defending the interests of shareholders.

One point to emerge strongly from the case was the inadequacy of the valuation supplied by Deloitte and, in particular, by Peter Cooper. In the course of his judgment, Mr. Justice Vinelott said that Mr. Cooper did not approach his task of valuation in a sufficiently critical way. A more critical valuation would, in the judge's view, have defeated the plans of Bartlett and Laughton.

The judge suggested that the Stock Exchange might consider whether a company's auditors are sufficiently independent to carry out a valuation of a transaction in which directors have a material interest. Even if another firm of accountants or a merchant bank had been misled by the figures supplied by Laughton, they might have baulked at Laughton's suggestion over the telephone that the valuation be augmented by £90,000.

There is also an apparent anomaly in company legislation on this matter. Section 19 of the 1976 Companies Act says that an officer of a company who knowingly or recklessly makes a statement to auditors which is misleading, false or deceptive shall be guilty of an offence and liable to imprisonment. This provision applies to an audit but not, apparently to a valuation carried out by auditors.

Mr. Justice Vinelott also suggested that the Stock Exchange examines its regulations covering transactions in which directors have an interest. The Stock Exchange could, for example, bar interested directors from taking part in board meetings on such a deal and from helping to draw up a circular. Such rules might prove impractical and would certainly be hard to enforce. Yet they could be framed in such a way as to prevent a director with a vested interest in a transaction from participating in a committee responsible for supplying the auditors with information. This was the case with Newman.

Bartlett is apparently considering an appeal against the judgment, so the saga may not be over yet. Whatever the eventual outcome, however, the case has already clarified some murky areas of company law and exposed weaknesses in the present regulatory system. Most important of all, perhaps, it has demonstrated that a major institution is prepared to take up arms in defence of the small shareholder.

Managers should spring to attention

THE WORLD'S scarcest industrial resource is not oil, money, peaceful labour relations or skilled workers.

It is "managerial attention."

So says one of the world's leading experts on computer science and psychology, Professor Herbert Simon of the Carnegie-Mellon University, Pittsburgh.

Speaking at the European Management Forum's symposium in Davos, Professor Simon suggested two reasons why many managers have come to distrust or fear the impact of computers on the way they do their work.

Both had to do with managers' experience of early "management information systems." First, the architects of first-generation computerised "MIS," as they are generally known, have not appreciated the problem of balance between information and human attention: in other words, they have failed to notice that most managers were already swamped with data so that their attention had become a scarce resource.

Rather than flooding them with more data, the MIS designers should have concentrated on providing more relevant material.

The second and associated problem, Professor Simon argued, was that until recently MIS in most companies had been designed around internal records. Yet it was external information which was of most importance to management, especially at senior levels.

The aim now must be to design information systems which simplified the manager's decision-making process by selecting data of relevance to him, Professor Simon said.

In an increasingly unpredictable business environment, when companies must detect weak warning "signals" from outside, this was no easy task.

How, for example, he was asked, could any MIS have warned Switzerland's mechanical watch industry that apparently irrelevant developments in San Francisco's Silicon Valley and Japan's electronics industry posed a severe threat? His answer was to say that an MIS could attend to a number of short-term problems, freeing the manager to focus on longer-term ones and particularly the unexpected "weak signals."

Warning of some of the pitfalls in installing MIS, Professor Simon emphasised "they're not a magic crystal ball that will do our predicting for us. You cannot model what you do not understand."

Christopher Lorenz

LOMBARD

Adjusting news about inflation

BY DAVID BUCHAN IN WASHINGTON

IF THE INDEX misbeheves, change it. This temptation is hardly new or unnatural for governmants embarrassed hy the stubborn tendency of their consumer price indices to rise. In Belgium, for instance, soaring potato prices were a few years ago *pushing up sharply* a CPI that was weighted to reflect the fect thet frites are a Belgian staple. The government there proposed to cut inflation by assigning the spud a lesser importance in the index—a move that only public uproar foiled.

Likewise, housing costs are *the centre of a statistical* embroglio concerning the U.S. consumer price index, which rose 13.3 per cent last year and with a 1.4 per cent increase last month alone has taken off again et an even more alarming rate. How the U.S. CPI *moves is very important* tn a lot of people: consumers who want to make ends meet, union members and pensioners who depend on index-linked benefits, foreign holders of dollars who worry ehout their assets' eroslon, and the Carter Administration which wants to get re-elected thia year.

Home owners

How convenlent to the latter, therefore, if it could say to Senator Edward Kennedy that the CPI overstates the real inflation rate and things are actually better than President Carter is given hlame for. Mr. Alfred Kahn, the White House's inflatioo adviser, believes *this is so*, hecause too much importance (23 per cent) is given to home ownership in the CPI. In turn, Mr. Kahn fears, this is giving an unnecessary push to the wages of the 9m American workers who have cost of living adjustments in their contracts, and to the much *larger volume of indexed* social security payments.

The honsing element in the CPI has riseo 18 per cent in the *last year (50 per cent faster than* the whole) because of higher house prices and mortgage interest rates. But, say the CPI's detrectors, these cost increases affect only very few people et any one time. No one huys or mortgages e house every month, end very few do so every year.

The Bnrean of Labour Statistics, which compiles the CPI, counters by pointing out the home ownership element in the index has five components, two of which ere indeed current house price and mortgage rates. But the other three—property, tax insurance and maintenance and repairs—are borne hy all home owners all the time.

Revision

A rival agency, the Commerce Department, is touting its personal consumption expenditure (PCE) deflator, which it uses to subtract inflation out of the gross national product figures. The PCE constantly npdates the relative weights of different consumer items to take account of changing spending patterns.

But, say the CPI's defenders, the PCE does not serve the purpose of the CPI: to measure the change over time of the cost of a fixed basket of goods and services, in other words, a set standard of living. For instance, higher petrol pricea might force a drop in consumption, giving it less weight in the PCE hut that might also mean a drop in a consumer's standard of living.

However, the BLS was moved last month to start puhlishing along with its official CPI variants of the index allowing for different approaches to the housing prohlem. These alternetives knock out the house price component—so as to reflect the cost of shelter provided hy a *house rather than its performance* as an investment asset—or average out mortgaga costs for the life of the mortgage. By some of these yardsticks, inflation was as low as 10.8 per cent in 1979.

Updated

But the BLS says it is not going to he pushed eny further hy its critics. The CPI's current hase was fixed in 1972/73. It is usually updsted every 10-12 years, and the hnreau sees no reason to accelerste the next revision. It seems philosophically resigned to being hlamed for hearing had news, as was the hapless messenger whom Shakespeare's Cleopatra told: 'Thou shalt he whipped with wire and stewed in hrine, smarting in lingering pickle."

After-dinner fruit brandies

WINE

BY EDMUND PENNING-ROWSELL

SOME OF THE most seductive, albeit non-sweet after-dinner drinks are the fruit hrandies or eaux-de-vie, in France known es *alcools blancs*, since they are colourless, and generally described there as *digestifs*.

Curiously enough, although very popular indeed in France and also in parts of Germany and Switzerland, here in Britain they are surprisingly little known and appreciated, and will seldom be found outside the liqueurs trolley of e sophisticated restaurant. I can hardly ever recall heing offered one here in a private house, except by a rarity-seeking friend with a penchant for Myrtile (bilberry) from Alsace.

Yet the French description as a *digestif* has some force. Perfumed and very clean-tasting, they leave the palate fresh, and are *not cloying as liqueurs certainly* can be after a substantial meal. Nevertheless, I am very fond of some liqueurs on occasion.

All spirits distilled from fruits are technically eaux-de-vie, inclnding grape brandy, but *the term is commonly applied* only to brandies mada from other fruits. They must be distinguished from those that are sugared, which are, therefore, liqueurs and mostly sold under hrand names, such as Abricotine or Apricot Brandy bearing a firm's name, such as Bols. These are produced by maceration of tha fruit and not by its distillation. On the other haod, the celebrated Hungarian apricot brandy, Barack Palinka, is e true eau-de-vie, distilled from fsrmented apricots. The dangerous Balkan slivovitz is also a high-strength plum eau-de-vie.

Although produced in many parts of Western Europe—within France particularly in the Rhône and Loire valleys—essentially they derive from districts adjoining one another in the Vosges, the Swiss Juras and the Black Forest. The reason for this is that these are hard-fruit growing areas, while the wild raspberries, *fraises des bois* and bilberries are native to the mountains.

The chief centre of distilling, particularly for Kirsch, the most popular of all, is the Black Forest, where there are something like 25,000 private distillers, each limited to producing no more than 50 litres of pure alcohol a year for their own consumption. In addition there are also half-a-dozen commercial distillers of some size, the hest-known being Schladerer of Staufen-in-Breisgau, south of Freiburg, whom I have visited.

The annual production of eaux-de-vie in Germany is about 65,000 hl. of pure alcohol. All the leading wine merchants of Alsace, inclnding Beyer, Dopff and Irion and Hugel, market these fruit hrandies, but they do not distil themselves, relying on purchases from local *distillers*. The Alsace *varieties* are regarded as particularly delicate; they are also generally more expensive than the German.

Of these fruit brandies there are two types; those produced from stoned hard fruit, such as cherries and plums as well as pears, and those from soft fruits that are macerated in alcohol. The hard fruits are distilled twice, with their kernels, which contribute to the flavour: first at a strength of 30-35 degrees and then again at 60-75 degrees (31 over proof).

The soft fruits cannot be distilled direct, as they do not retain their essential aromas and flavours. So they are macerated in neutral alcohol for between two and four months, and then the impregnated spirit is distilled. Distillation takes place in small copper pot-stills, and each "run" is completed in about four hours. To maintain the houquet and flavour, the fermentation temperature is carefully controlled at about 20-22 degrees C. Then they are kept in tanks, sometimes in glass, for wood would give colour.

Maturation of these fruit hrandies is fairly marginal, although Schladerer only sell theirs after two years, by which time the spirit is completely married. However the British Customs demand a three-year age certificate for all spirits entering this country.

The range of these eaux-de-vie is quite considerable, and they bear French or German names depending on whether they originate from Alsace or Germany and German-speaking Switzerland. Kirschwasser *(Kirsch)* is made from sweet hlack cherries. Kirsch Fantaisie is only flavoured neutral spirit with some addition of Kirsch. *It is perfectly good enough for* kitchen use. Zwetschenwasser (Quetsch) comes from the Switzen plum, and Poire William, distilled from that variety of pear, is known as Birnenwasser in German. Soma ara bottled with a pear in the hottle, hut that is a pretty marketing device rather than anything else. Then there is Erdbeergeist (Fraise) and Himbeergeist *(Framboise)*. *The difference* between a "wasser" and a "geist" is that the former is double-distilled, the latter from a fruit that has been macerated.

Mirabelle comes from a plum of that name, and then there are more recondite varieties, *such as the Myrtile already mentioned*, Sorhier (rowan-berries), Mûre (blackberries), and even Gratte-Cul (holly-berries). Most *of these* are, *however*, less successful, as they tend to have less of the concentration of flavour that is the essence of *these white spirits*.

All are on the expensive side in this country. First, because tha ingredients are expensive. Wild raspberries cost *DM 2.50* (64p), and it takes 150 kilos to produce 100 litres of Himbeergeist. Schladerer use no less than *400 tons of wild raspberries* a year. Next most expensive is Kirsch at DM 1.40 (36p), and due to the double distillation only 14 litres of pure spirit are derived from 100 kilos of the sweet black cherries from which it is made. Similarly, 100 kilos *of William pears produce eight* litres of fruit-brandy.

Normally the strength is somewhat rednced before bottling and sale. But tha German eaux-de-vie are usually 79 proof (45 degrees per volume of alcohol), as are the Alsace varieties.

The high strength naturally makes them expensive here, since duty is levied on strength, but in their countries of origin there are also heavy taxes on all spirits. On the other hand, they are reasonably economical in use, for few of us want to drink a large quentity of an eau-de-vie on eny one occasion.

They should be served well *chilled*, either by placing the bottle in the refrigerator for an hour or two, *or*, as is common in restaurants, by swilling ice *cubes round* the glass, which is then emptied and moderately filled with the eau-de-vie. The eau-de-vie should be swilled *around, too*, in order to release the aroma. It should not be diluted with water, as is sometimes recommended with liqueurs, but it can be a good mixer.

Owing to lack of demand they are not found on many British *wine merchants'* lists, and even then often mistakenly under the heading of liqueurs. Walter Siegel and Co, 43/44 Albemarle Street, W1 are the *agents for* Schladerer, and their products are to be found at the German Food Centre, 44 Knightsbridge *SW1*. The leading London stores have both the German and the Alsaca varieties, while Berry Bros. of St. James's list one or two. They cost as much as a good cognac, but they serve a different purpose. My favourite are Kirsch and Himbeergeist but all are worth trying, and they can be found in miniatures.

Trainers comment on Classics

RACING

BY DOMINIC WIGAN

ANOTHER edition of the Sean P. Graham Racing Annual is again with us and, as anticipated, there are plenty of interesting comments from leading Classic trainers.

From O'Brien we learn that Monteverdi is Ballydoyle's best prospect for the 1980 classics, bnt, perhaps suprisingly, he goes on to qualify the view with the phrase "et the moment."

O'Brien's chief petron, Rohert Sangster, also sounds a note of warning for those not looking further than Monteverdi as Cashel's Blue Riband *flag bearer, with* this comment on Magisterial: "It is difficult to gauge the horse properly at this stage, hut he won very well and could ba our Epsom Derby horse.

The race to which Sangster refers was at the Curragh in September where Magisterial ran away from his 20 opponents.

If O'Brien can he accused of sitting on the fence as far as Monteverdi is conceroed, the same can hardly be said of François Boutin, who claimed in autumn that Nureyev "is as good as Nonoalco and La *Lagune* at this point of time."

Incidentally, Sangster and his associates seriously entertained the idea of trying to secure Nureyev in a bid to strengthen their Epsom bid, hut decided against any move in that direction on the advice of O'Brien, who feels the French colt may well not get the Derby trip.

Although it is undeniable *that* Monteverdi proved himself a high-class two-year-old et Newmarket towards the end of October, Nureyev's performance the fololwing month in the Prix Thomas Bryon was, in my opinion, even more informative with an eye to the future. Making his only appearance as a juvenile in that event, Nureyev, the sole newcomer in a field of 12, slammed his opponents.

Irrespective of whether Nureyev proves capable of staying 1½ miles, I suspect that by mid-summer the Sangster *syndicate* will be regretting the fact that the Northero Dancer colt did not join their team.

Incidentally, it is worth recalling that a clinching bid of $1.3m for Nureyev oo behalf of Stavros Niarchos prevented Sangster and his associates from securing the Northero Dancer bay as a yearling.

HUNTINGDON

1.30—Markle**

3.30—Mount Harvard

NEWTON ABBOT

1.45—Prominetto***

4.15—Master Minella*

TV/Radio

BBC 1

† Indicates programme in black and white

6.40-7.55 am Open University *(Ultra high frequency only)*. 9.35 For Schools, Colleges. 12.45 pm News. 1.00 Pebhle Mill at One. 1.45 Trumpton. 2.00 You and Me. 2.14 For Schools, Colleges. 3.25 Dechrua Siarad. 3.53 Regional News for England (except London). 3.55 Play School (as BBC2 11.00 am). 4.20 Yogi Bear. 4.25 Jackanory. 4.40 Isla and the Farm on the Hill. 5.05 John Craven's Newsround. 5.10 Grange Hill.

5.40 News.

5.55 Nationwide (London and South East only).

6.20 Nationwide inclnding - Home Office.

6.55 The Osmonds (London and South East only).

7.25 The Rockford Files.

9.00 News.

9.25 Flesh and Blood.

10.15 Tuning In: "Omnibus" journey into ths sound world of *Karlheinz* Stockhausen.

11.05 Platform One.

11.35 Weather/Regional News.

All Regions as BBC1 except as follows:

Wales—10.38-10.58 am 1 Ysgolion. 4.40 Crystal Tipps and Alistair. 4.45-5.05 Yo Noson Dywyll. 5.55-6.20 Wales Today. 6.55 Heddiw. 7.25 Pobol Y Cwm. 7.55 Young Scientists of the Year 1980 (Final). 8.35-9.00 Wildlife on One. 11.35 News and Weather for Wales.

Scotland—10.38-10.58 am For Schools. 12.40-12.45 pm The Scottish News. 3.00-3.55 Bowls: Embassy World Indoor Championship. 5.55-6.20 Reporting Scotland. 6.55-7.25 The Cutty Sark—Scottish Curling Championship 1980 Final. 10.15 Current Account. 10.45 Can Seo. 11.20-11.25 Write Away. 11.35 News and Weather for Scotland.

Northern Ireland—10.38-10.58 am For Schools. 3.53-3.55 Northern Ireland News. 5.55-6.20 Scene Around Six. 6.55-7.25 Childreu and their Music. 10.15 Spotlight on Northern Ireland affairs. 10.45-11.35 Tuning In.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymonth). 6.55-7.25 East (Norwich) The Seven Burnhams by the Sea; Midlands (Birmingham) Look! Hear!; North (Leeds) Lifelines; North East (Newcastle) Looks Natural; North West (Manchester) A Grand Sing; South (Southampton) Hey Look . . . That's Me!; South West (Plymouth) Over to You; West (Bristol) Sports Show.

BBC 2

6.40-7.55 am Open University.

10.05 Servants of the Public?

10.30 Lost for Words.

11.00 Play School.

11.25 Write Away.

11.40 It's a Great Life.

2.30 pm *Dilemmas*.

3.00 Propaganda with Facts.

3.30 A Woman's Place?

4.50 Open University.

†5.40 Harold Lloyd.

6.05 The Waltons.

6.50 The World About Us.

7.40 Mid-Evening News.

7.55 Change of Direction.

8.25 *Movie Showcase*: "Opening Night" starring John Cassavetes, Ben Gazzara and Joan Blondell.

10.45 Newsnight.

11.30 The Old Grey Whistle Test.

LONDON

9.30 am Schools Programmes. 12.00 Paperplay. 12.10 pm Pipkins. 12.30 The Sullivans. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Take the High Road. 2.00 After Noon Plus. 2.45 Wilde Alliance. 3.45 Three Little Words. 4.15 Pop Gospel. 4.45 Magpie—Kihhutz Special. 5.15 Emmerdale Farm.

5.45 News.

6.00 Thames News.

6.25 Help!

6.35 Crossroads.

7.00 Charlie's Angels.

8.00 Armchair Thriller.

8.30 Leave it to Charlie.

9.00 Hollywood.

10.00 News.

10.30 "The Night of the Big Heat" starring Christopher Lee and Peter Cushing.

12.15 am Close: Personal choice with Michael Bentine.

All IBA Regions as London except at the following times:

ANGLIA

1.25 pm Anglia News. 6.00 About Anglia. 7.00 Bygones. 7.30 You're Only Young Twice. 10.30 Tuesday Late Film: "The Power." 12.30 am Anthology.

ATV

12.30 pm George Hamilton IV. 1.20 ATV Newsdesk. 5.15 Circus. 6.00 ATV Today. 7.00 Emmerdale Farm. 7.30 England Their England. 10.30 ATV Newsdesk. 10.35 The Clint Eastwood Star Movie: "The Beguiled."

BORDER

1.20 pm Border News. 5.15 Father Dear Father. 6.00 Lookaround Tuesday. 7.00 Emmerdale Farm. 7.30 *Survival*. 10.30 Luke's Kingdom. 11.30 Stars On Ice. 12.00 Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News, What's On Where and Weather. 5.15 Bailey's Bird. 6.00 Report At Six. 10.28 Channel Late News. †10.35 Feature Film: "Inadmissable Evidence." 12.15 am Commentaires et Previsions Meteorologiques.

GRAMPIAN

9.25 am First Thing. 1.20 pm North News Headlines. 5.15 Emmerdale Farm. 6.00 North Tonight and Area Weather Forecast. 7.00 The Love Boat. 10.30 Cover to Cover. 11.00 Reflections. 11.05 The Tuesday Thriller: "The Spell." 12.25 am North Late Night Headlines.

GRANADA

1.20 pm Granada Reports. 5.10 This Is Your Right. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Emmerdale Farm. 7.00 A Man Called Sloane. 10.30 Film Of The Week: Lynn Redgrave and Donald Sinden in "The National Health."

HTV

1.20 pm Report West Headlines. 3.45 The Entertainers. 5.15 Magilla Gorilla. 5.20 Crossroads. 6.00 Report West. 6.30 Best In The West. 7.00 The Incredible Hulk. 10.35 The Big Picture: "Twisted Nerve," starring Hayley Mills and Hywel Bennett.

HTV Cymru/Wales—As HTV West/HTV General Service except: 10.16-10.31 am Mwy Neu Lai. 1.20 pm Penawdau Newyddion Y Dydd. 1.25-1.30 Report Wales Headlines. 4.15-4.45 Sbardun. 6.00 Y Dydd. 6.15 Report Wales. 6.30-7.00 Worzel Gummidge. 10.35 Bywyd. 11.20 *World In Action*. 11.50-12.20 am Father, Dear Father.

SCOTTISH

1.20 pm News and Road and Weather. 1.30 Oh No It's Selwyn Froggitt. 5.15 Tales Of Crime. 5.20 Crossroads. 6.00 Scotland Today. 6.30 What's Your Problem? 7.00 Take The High Road. 7.30 Father, Dear Father. 10.30 *Encore for the Arts*. 11.15 Late Call. 11.20 Fireside Theatre.

SOUTHERN

1.20 pm Southern News. 5.15 Dick Tracy Cartoon. 5.20 Crossroads. 6.00 Day By Day. 7.00 Emmerdale Farm. 7.30 Doctor Down Under. 10.30 Southern News Extra. 10.35 "Bitting Target," starring Oliver Reed.

TYNE TEES

9.20 am The Good Word, followed by North East News Headlines. 1.20 pm North East News and Lookaround. 5.15 How's Your Father. 6.00 North East News Headlines. 6.02 Crossroads. 6.25 Northern *Life*. 7.00 *Emmerdale* Farm. 7.30 Survival. 10.30 North East News Headlines. 10.35 The Tuesday Movie: "Soft Beds, Hard Battles," starring Peter Sellers and Lila Kedrova. 12.19 am Epilogue.

ULSTER

1.20 pm Lunchtime. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening Ulster. 7.00 Emmerdale Farm. 7.30 A Drop In Your Hand. 10.29 Ulster Weather. 12.10 am Bedtime.

WESTWARD

1.20 pm Westward News Headlines. 5.12 Gus Honeybun's Birthdays. 5.15 Bailey's Bird. 6.00 Westward Diary. 10.32 Westward Late News. †10.35 Feature Film: "Inadmissible Evidence," starring Nicol Williamson. 12.10 am Faith For Life. 12.15 West Country Weather and Shipping Forecast.

YORKSHIRE

1.20 pm Calendar News. 3.45 Calendar Tuesday. 5.15 How's Your Father? 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Emmerdale Farm. 7.30 Survival. 10.30 The Big Picture: "Yellow Dog." 12.20 am George Hamilton IV.

Radio Wavelengths

1 1053kHz/285m 1089kHz/275m	3 1215kHz/247m & 90-92.5vhf stereo	BBC Radio London: 1458kHz 206m & 94.9vhf
2 693kHz/433m 909kHz/330m & 88-91vhf stereo	4 200kHz/1500m & 92.95vhf	Capital Radio: 1548kHz, 194m & 95.8vhf
		London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast. ‡ Medium wave.

5.00 am As Radio 2. 6.00 Dave Lee Travis. 9.00 *Simon Bates*. 11.31 Paul Burnett. 2.00 pm Peter Powell. 4.31 Kid Jensen. 7.00 Personal Call. 8.00 Mike Read. 9.50 Newsbeat. 10.00 John Peel (S). 12.00-5.00 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Steve Jones (S), including 6.15 Pause for Thought. 7.32 Ray Moore (S), including 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.03 Jimmy Young (S). 12.03 pm David Hamilton (S). 2.03 Ed Stewart's Request Show (S). 4.03 Much More Music (S). 5.00 News. 5.05 Waggoners' Walk. 5.20 Much More Music (S). 6.03 John Dunn (S). 8.02 Wiv A Little Bit o'Luck (S). 9.02 Glamorous Nights (S). 9.55 Sports Desk. 10.02 Variety Club. 11.02 Brian Matthew with Round Midnight, including *12.00 News*. 2.02-5.00 am You and the Night and the Music (S).

RADIO 3

‡6.55 am Weather. 7.00 News. 7.05 *Overture*. 8.00 *News*. 8.05 *Morning* Concert (S). 9.00 News. 9.05 This Week's Composers: Satie and Poulenc (S). 9.45 The Trio-Sonata (S). 10.40 Young Composers 79 (S). 11.05 Radoslav Kvapil piano recital (S). 12.05 pm Chicago Symphony Orchestra concert, part 1 (S). 1.00 News. 1.05 Six Continents. 1.25 Chicago SO, part 2 (S). 2.10 Kenneth Leighton harpsichord recital (S). 2.30 In The Shadows of the Great (S). 3.25 Symphonies from Eastern Europe (S). 4.25 Jazz Today (S). 4.55 News. 5.00 *Mainly* For Pleasure (S) (‡ and mono only from 6.20). 7.00 Paul Tortelier plays Bach (S). 7.30 Play Festival: "The Dock Brief," by John Mortimer. 8.30 BBC *Scottish Symphony* Orchestra: Kabalevsky, Khachaturian, Dvorak (S). 9.30 Haydn and Schumann: Chamber music concert (S), including 10.20-10.25 Interval Reading. 11.20 Realism Versus Romanticism: Concert—Eisler, Weill, Brand (S). 11.55-12.00 News.

VHF only—6.00-7.00 am and 6.20-7.00 pm Open University.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping *Forecast*. 6.30 Today, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News Headlines. 7.45 *Thought for the Day*. 8.35 Yesterday in Parliament. 9.00 News. 9.05 You and Yours (The problems of raising a family.) 10.00 News. 10.05 In Britain Now. 10.30 Daily Service. 10.45 For Frightened People. 11.00 News. 11.05 Thirty-Minute Theatre. 11.35 Local Edition. 12.00 News. 12.02 pm You and Yours. 12.20 Down Your Way. 12.55 Weather; Programme News. 1.00 The World At One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Listen With Mother. 3.15 Sons and Lovers (S). 4.10 Bookshelf. 4.40 Announcements. 4.45 Short Story. 5.00 PM News Magazine. 5.50 Shipping Forecast. 5.55 Weather; Programme News. 6.00 News. 6.30 Just A Minute (S). 7.00 News. 7.05 The Archers. 7.20 The Restless Years. 8.05 In Touch. 8.30 Como To The Opera (S). 9.15 From Our Own Correspondent. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 The Hornblower Story (S). 11.00 A Book At Bedtime. 11.15 The Financial World Tonight. 11.30 Today In Parliament. 12.00 News.

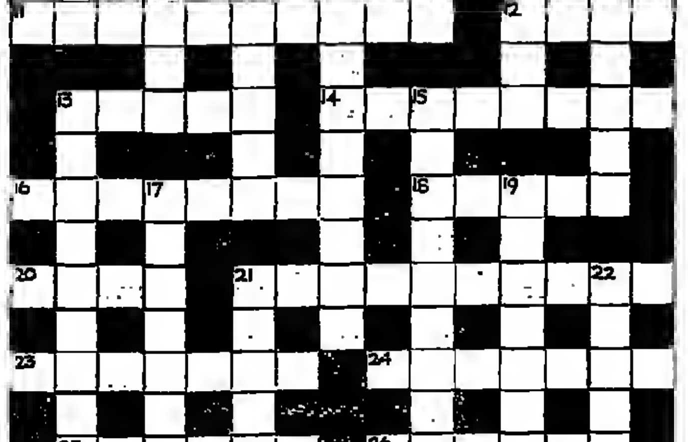
BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Robbie Vincent Telephone Programme. 1.30 pm London Live. 3.03 John Toogood's Showcase. 4.30 London News Desk. 5.35 Look, Stop, Listen. 7.03 Black Londoners. 8.00 Question Time from the House of Commons. 9.00-5.00 am Join Radio 2.

London Broadcasting

5.00 am AM with Bob Holness and Douglas Cameron. 10.00 The Brian Hayes Show. 12.00 LBC Reports. 8.00 pm After Eight—Therese Birch. 9.00 Nightline, with guest Martin Bax, child psychologist. 12.00 LBC Reports Midnight. 1.00 Night Extra. 5.00 Morning Music.

F.T. CROSSWORD PUZZLE No. 4,210



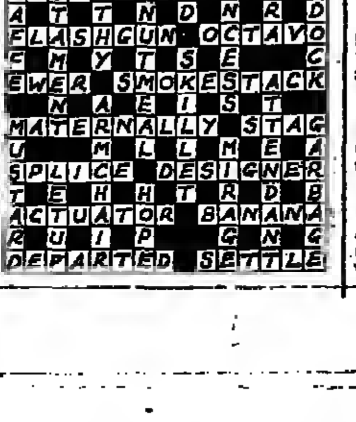
ACROSS

1 Cut down ebout everything in plant (6)
4 Frank is able and accomplished (6)
8 Puzzle for the wicket-keeper (7)
9 Direct the steering of iron ship? Admit it! (7)
11 Religious ohjector (10)
12 A cat or the smallest part of it (4)
13 Sponge with detergeot initielly inside cage (5)
14 Animal to he shifty and use selfishly (8)
16 Ohtained remedy in poke (8)
18 Jockey often seen on scales (5)
20 Win article in card game (4)
21 Signals by hand to ship's company for instrument of torture (5-5)
23 Note a learner of the least possihle size (7)
24 Wise men state it'a producing wonderful results (7)
25 Agile doctor in river (6)
26 Arrival with short notice to publish (6)

DOWN

1 Trensport doctor over hill (5)
2 Restricted as a company may be (7)
3 Vehicular fault on account of young beast (9)
5 Engaged in a fight (5)
6 Reduce the size of tract covered by shallow water in river? (7)
7 Scour idol to alter the appearance of stain (9)
10 Deprived of energy and colour (6-3)
13 Flower given in motor race (9)
15 Dash to directors for target (4-5)
17 Suhstantiate it could be to swindle compeny (7)
19 Refuse to bend down (7)
21 Dog accepting direction in track (5)
22 Compel payment of former turn (5)

Solution to Puzzle No. 4,209



ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. Credit cards 240 5258. Reservations 836 3161. Evgs. 7.30. Mat. Sats. 2.30. LONDON FESTIVAL BALLET. Mar. 4, 5, & 8: Dvorak Variations, Sphinx, Petrouchka. Mar. 7 to 12: La Sylphide. Mar. 13, 18: Rosalinda.

COLISEUM. Credit cards 240 5258. Reservations 836 3161. ENGLISH NATIONAL OPERA. Tonight and Fri. 7.00: Manon. Tomor and Sat. 7.30: The Merry Widow. Thurs. 7.30: Don Giovanni. 104 balcony seats avail. from 10 am on day of perf.

COVENT GARDEN. CC. S. 240 1066. (Gardencharge credit cards 836 6903). THE ROYAL BALLET. Ton't and Thu. 7.30: The Sleeping Beauty. Fri. 7.30: La Fin du Jour/Voluntaries/Mam'zelle Angot. Mon. 7.30: Four Schumann Pieces/A Month in the Country/Elite Syncopations. THE ROYAL OPERA. Tomor. and Sat. 7.30: Eugene Onegin. 65 Amphi. seats avail. for all perfs. from 10 am on day of perf.

SADLER'S WELLS THEATRE. 837 1672. Instantcharge (credit cards) 837 1672. SADLER'S WELLS ROYAL BALLET. Ton't. 7.30: Coppelia. Tomor. Thu. and Fri. 7.30: Concerto/Playground/The Grand Tour. Sat. 2.30 and 7.30: Dances concertantes/Papillon. (Seats only avail. for Thu. 7.30).

SADLER'S WELLS THEATRE, Rosebery Ave., EC1. 837 1672. CC. 837 3856. Evgs. 7.30. Mat. Sat. 2.30. Mar. 4 to 8. IRISH BALLET COMPANY & THE CHIEFTAINS. Playboy of the Western World.

THEATRES

ADELPHI. CC. S. 01-836 7611. Evgs. at 7.30. Sat. 4.00 and 7.45. Mats. Thursday at 3.00. LIZ ROBERTSON, PETER BAYLISS and ANNA NEAGLE in THE WORLD'S GREATEST MUSICAL MY FAIR LADY. Good seats available for most perfs. Now booking to October. Credit Card Hotline 01-836 7358. Tony Britton returns from Holiday on Tues. March 4th.

ALBERY. S. From 8 am. 836 3878. CC. 379 6565. Group bkgs. 836 2962. Evs. 7.45. Mat. Thur. & Sat. 4.0. OLIVER GEORGE LAYTON, HELEN SHAPIRO. CHILD FREE with each ADULT valid 16 years or under at time of purchase.

ALDWYCH. S. CC. 836 6404. Info. 836 5332. ROYAL SHAKESPEARE COMPANY THE GREEKS. Ton't Pt 2 THE MURDERS (sold out). Tomor Pt 3 THE GODS (sold out). RSC also at The Warehouse and at Piccadilly Theatre.

AMBASSADORS. CC. 01-836 1171. Evgs. 8.00. Fri. and Sat. 5.30 and 8.30. DINSDALE LANDEN, GWEN WATFORD, DAVID BURKE, ANGELA DOWN in BODIES by James Saunders. FINAL WEEK—ENDS MARCH 1st.

AMBASSADORS. S. CC. 01-836 1171. Opens March 3. 7.00. Subs. Evgs. 8.00. Fri, Sat 5.00 & 8.00 EMLYN WILLIAMS as DYLAN THOMAS GROWING UP.

APOLLO THEATRE. CC. S. 01-437 2663. Group sales 379 6061. Evs. 8. Mat. Thur. 3. Sat. 5.30 & 8.30. TIMOTHY WEST as BEECHAM by Caryl Brahams and Ned Sherrin. Directed by Patrick Garland.

ARTS THEATRE. 01-836 2132. TOM STOPPARD'S DIRTY LINEN. Monday to Thursdays 8.30. Fri. and Saturday 7.00 and 9.15. NOW IN ITS FOURTH YEAR. Lowest-priced best seats in London £4.00, £3.35, £1.65, plus 15p temp. members. Sat. £4.85, £3.85, £1.85.

ASTORIA. CC. S. 01-734 4291. 01-439 8031. 01-734 4360. Mon. to Thurs. 8.00. Fri. & Sat. 6.10 & 8.50. IPI TOMBI. 5TH GREAT YEAR. Lowest Priced Musical in the West End. Seats: £2, £3, £4, £5. Reduced Rate Group Bookings 01-437 3858 (special offers).

BOULEVARD TH. at the Raymond Revuebar, Walkers Court, Brewer Street, CC. Tel. 01-437 2661. PAUL RAYMOND PRESENTS America's Sex Queen Live on Stage. MARILYN CHAMBERS. Most and April 5 prior to American tour. Twice Nightly Mon.-Sat. 8.00 and 10.00 pm.

CAMBRIDGE. 01-836 6056. Credit Cards accepted 01-836 7040. Mon. to Fri. 8.00. Thur. 3.00. Sat. 5.00 & 8.30. THE HIT BROADWAY MUSICAL VOTED BEST MUSICAL OF THE YEAR CHICAGO ELIZABETH SEAL, JENNY LOGAN, COLIN BENNETT, DON FELLOWS, HOPE JACKMAN, G. LYON. Reduced prices for parties. 379 6061, 836 6056. Students, Nurses, OAP standby £1.50.

COMEDY THEATRE. CC. 930 2578. Mon.-Sat. Mats. Fri. & Sat. 6.30. THE ROCKY HORROR SHOW. Group sales Box Office 01-379 6061.

CRITERION. 930 3216. CC. Bookings 379 6565. Group bkgs. 836 3962. Evgs. 8.00. Sat. 5.30 and 8.30. Thurs. mat. 3.00. HALF PRICE PERFS. Mon. Evgs. Thur. Mat. NEIL SIMON'S LAST OF THE RED HOT LOVERS.

DUKE OF YORK'S. 836 5122. GLENDA JACKSON ROSE. A new play by Andrew Davies. Red. price previews tonight, tomor. Opens Thurs. at 7.00. Subs. Evgs. Mon.-Sat. 8.00. Mats. Wed. 3.00. Sat. 5.00.

GARRICK. CC. 01-836 4601. Evgs. 8.00. (sharp). Fri. and Sat. 5.30 and 8.30. Gareth Hunt in DEATHTRAP.

GLOBE THEATRE. S. CC. 01-437 1592. Group sales 379 6061. Evgs. 8.00. Mats. Wed. 3.0. Sat. 5.0 and 8.15. Beryl Reid, Barry Foster, Peter Bowles, Jan Waters in a new play by Peter Nichols BORN IN THE GARDENS. Directed by Clifford Williams.

GREENWICH THEATRE. S. CC. 858 7755. Evgs. 8.00. Mats. Sat. 2.30 LIBERTY HALL. A new play by Michael Frayn. From March 5 PRIVATE LIVES by Noel Coward.

HAYMARKET. CC. 01-930 9832. Evenings 8.00. Wed. 2.30. Sats. 4.30 and 8.00. Gerald Harper, Kate O'Mara in the Sherlock Holmes Mystery THE CRUCIFER OF BLOOD by Paul Giovanni. LAST WEEK. ENDS SATURDAY.

HAYMARKET THEATRE. CC. 01-930 9832. Evgs. 8.00. Mat. Wed. 2.30. Sat. 4.30 and 8.00. DOROTHY TUTIN, DONALD PLEASENCE, REFLECTIONS. A new play by John Peacock. Red. price prevs. Mar. 11 and 12 8 pm. Opens March 13, 7.00.

HER MAJESTY'S THEATRE. 930 6606. Opening March 19. The award winning Broadway Musical ON THE TWENTIETH CENTURY. Reduced price previews from March 10.

KINGS HEAD. 226 1916. Dnr. 7. Show 8. CATCHPENNY TWIST by Stewart Parker.

LYRIC HAMMERSMITH. 01-741 2311. Eves. 7.30. Thur. Mat. 2.30. Sat. 4.30 and 8.15 COUNTRY LIFE. First London showing of Goldoni's delightful comedy. Directed by David Giles. LYRIC STUDIO. Evgs. 8 Sat. 8.30. Mats. Wed. and Sat. 2.30 DR. FAUSTUS. Cast includes James Aubrey and Patrick Magee. West End Box Office 836 4207.

LYRIC THEATRE. CC. 01-437 3686. Grp. Sales 379 6061. Evgs. 8.00. Wed. 3.00. Sat. 5.00 and 8.00. RICHARD BRIERS, PAUL EDDINGTON in MIDDLE AGED SPREAD. COMEDY OF THE YEAR. WEST END THEATRE AWARDS.

MAY FAIR. S. CC. 01-629 3036 Mon-Thur 8.00. Fri., Sat. 6.00, 8.45. SUSANNAH YORK, DANIEL MASSEY, DONALD PICKERING, FRANCES WHITE in APPEARANCES by Simon Benmussa after Henry James.

THEATRES

[Further theatre listings (National Theatre, Palace, Palladium, Phoenix, Piccadilly, Prince Edward, Prince of Wales, Raymond Revuebar, Royal Court, Royalty, St. Martin's, Savoy, Shaftesbury, Strand, Talk of the Town, Vaudeville, Victoria Palace, Warehouse, Westminster, Windmill, Wyndham's, Young Vic and others): illegible]

CINEMAS

[illegible]

ART GALLERIES

[illegible]

CLUBS

[illegible]

CINEMAS

[illegible]

THE ARTS

Elizabeth Hall

Fialkowska

by RICHARD JOSEPH

It is often assumed that the most difficult task confronting a young mnaician is first winning the public's attention. The evidence of countless competition winners and their subsequent careers, however, leads one to conclude that the aecond stage of an artist'a career is still barder. Once recognition is earned, debut recitals, broadcasts and recordings over, it is no easy task to develop one's standards and, at the same time, justify the public's and the music industry's initial interest.

With a couple of important prizes and a notable recording of the Liszt Sonata under her belt, pianist Janina Fialkowska, who played at the Elizabeth Hall on Sunday, is just at this tricky second stage. Fortunately, the sense of proportion and concentration that marked her as a fine musician from the outset seems to be unimpaired. Schumann's *Faschingsschwank ous Wein* was the culmination of the first half of the programme, a reading both passionate and clear toned, in which Fialkowska never forced her sonority or indulged in empty rhetoric. Pbrases shaped with a degree of *rubato* were always firmly led back to the original tempo. Schumann's sturdy rhythms were buoyantly maintained rather than hammered out. Her sense of continuity and tension extended beyond the pacing of the five movements themselves; Fialkowaka also linked together the three short middle movements without a break, forming a brightly contrasted centre to the outer pair of Allegros.

The playing of three pieces from Ravel'a *Miroirs* waa equally distinguished. As one noticed in the Schumann, Fialkowska'a range of tone colour is not vast, but it is employed with discrimination and a fine raoge of dynamics. The shimmering, static cbords and proliferating figurations of *Oiseaux tristes* were impeccably rendered, and *Alborada del gracioso* had just the right aort of Lisztian ebb and flow.

Unfortunately, in the last of the Ravel group and in the aubsequent performance of Cbopin's *Andante spianatn and Grand Polonaise*, a degree of pbysical tension prevented Fialkowska from playing the music with complete freedom. One had the impression that when playing at her best, this pianist is working very near to the limit of her technical resourcea. In music that requires or implies grand gestures sustained over a long time scale, this lack of reserves can be damaging; the longer paragrapha of the Polonaise certainly suffered.

Wigmore Hall

Yuri Masurok

by ELIZABETH FORBES

Yuri Masurok, the Russian baritone from the Ukraine, currently singing the title role of *Eugène Onegin* at Covent Garden, gave a recital at the Wigmore Hall on Sunday night. Obviously more at home in the opera house than on the concert platform, he projects his voice as if to the back row of the amphitheatre; in the penultimate row of the resonant Wigmore Hall, the result is rather overwhelming, though the baritone does not have, by operatic standards, a huge voice.

That voice's strong, penetrating and very beautiful top register was a little clouded during the first half of the recital, which consisted of dully sung snippets by Mozart, Handel and Bach. A few breaks in the usually rock-solid line suggested a cold. Gounod's arrangement of *Ave Maria* was frankly horrid, while the Serenade and so-called Champagne aria from *Don Giovanni*, though, they touched a more responsive chord in the singer, were only marginally more interesting.

For the second part of his programme, devoted to Russian music, Mr. Masurok sprang to life. The voice cleared like magic to become an obedient and expressive instrument, wholly under its owner's control. A group of songs by Rimsky-Korsakov included two settings of poems by Pushkin, "The flying billowy clouds" and "On the hills of Georgia," both sung with warm but unexaggerated feeling. An aria from the *Snow Maiden* ended in a finely judged and graduated climax, while a longer excerpt from *The Tsar's Bride* was phrased to splendid dramatic effect.

Some songs by Rakhmaninov inspired the baritone to an even greater lyricism. "In the silence of the night," in particular, was sung with an expressiveness that easily surmounted the language barrier. The Gypsy's song from *Aleko*, one of Rakhmaninov's finest vocal compositions, brought the recital proper to an exciting conclusion. Two charming Ukrainian folksongs, given as encores, showed the singer in a lighter, less serious vein. The pianist, Craig Shappard, also brought more conviction to his playing in the second, Russian, half of the evening, when he proved a sympathetic accompanist.

Brooks Atkinson Theatre, Broadway

Talley's Folly

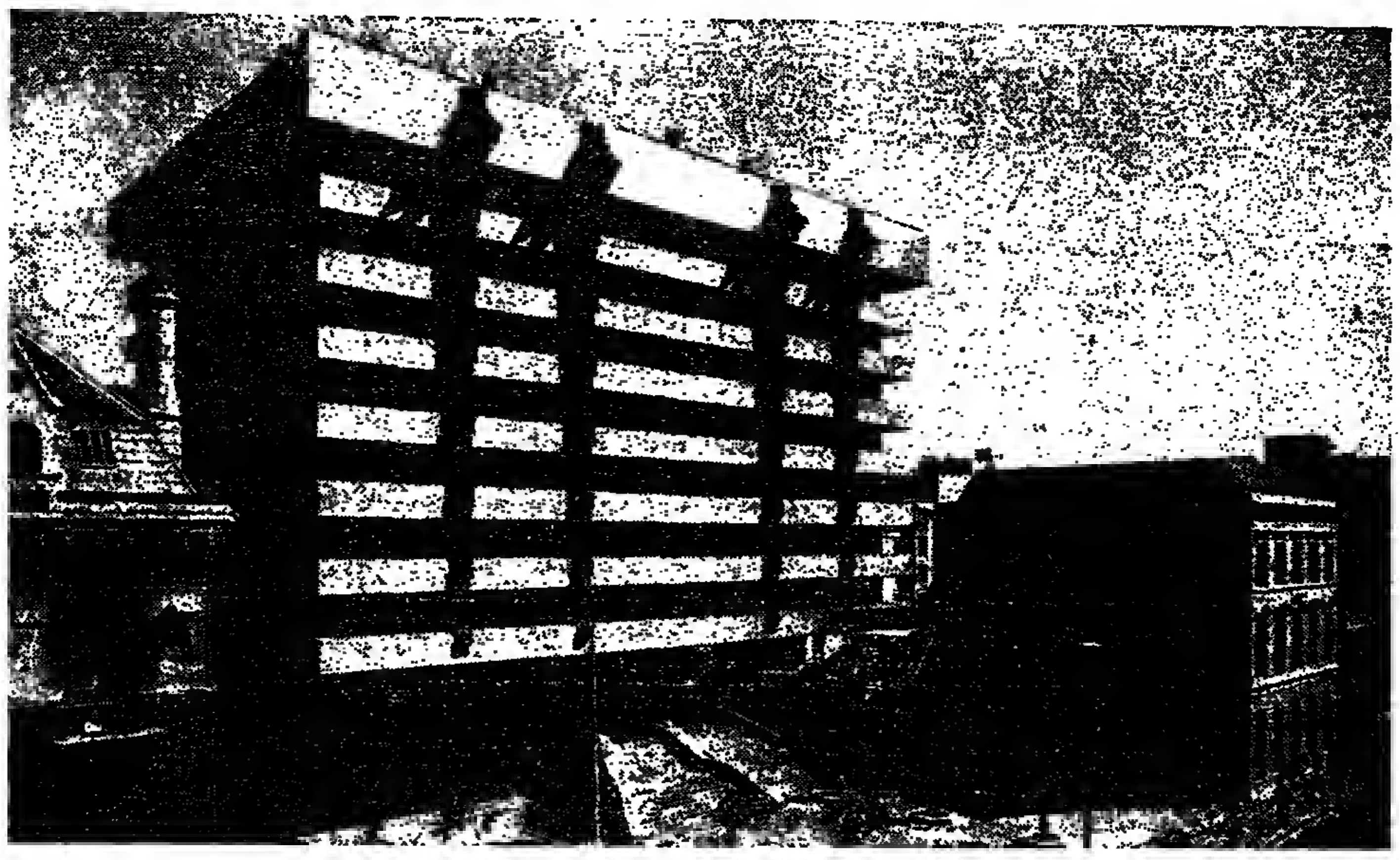
by FRANK LIPSIUS

Lanford Wilson's last play, *The Fifth of July*, took place on a Midwestern American farm with an assortment of hippies, folk singers and Vietnam veterans to represent youth in full flower of onconventionality. The older generation was embodied in poor old Aunt Sally, who beat them all in the eccentricity aweepstakes by carrying the ashes of ber late husband, Matt, round with her in a cardboard box.

Tolley's Folly, which comes to Broadway after short successful runs in California and off-Broadway, steps back to an earlier time during the Second World War when Matt proposes to Sally and they decide to get married. Certain of the characters' traits were revealed in the earlier play, like Matt being Jewish and causing a bit of a scaodal by wooing and winning the proper methodist Sally Talley. Not only is he Jewish, it turns ont, but with Judd Hirsch in rimless apectacles, unkempt beard and immigrant's accent, Matt is as abrasive and ill suited to a southern belle as he is clumsy in the broken down old Victorian folly where he has come acourtin'.

Sally does nothing to encourage Matt Friedman. Sbe answers only one of his daily letters, and that one curtly. She hides when he comes to see her at the hospital where sbe works. She even blames him for arousing her family's ire when their prejudice gets Matt thrown out of her bouse. Matt, however, is not the sort to take "no" for an answer. *He is not the sort to* wait for any answer, since he talks incessantly, partly to show off hia Jewish intellectuality and partly to bide his embarrassment at Sally's indifference, not to say hostility.

A play that was meant to expose the prejudices of an earlier era manages ultimately merely to indulge them, abetted by the very quality of Mr. Hirsch'a performance. Trish Hawkins as Sally puts up convincing resistance, while the show is stoleo by John Lee Beatty's magnificently ramshackled and intricate folly. It is bard to see why annt Sally would carry round the asbes of the man we see wooing ber, unless she wants to make sure he stays dead.



The Central Bank of Ireland in Dublin, designed by Stephenson Associates

Architecture

The Irish Connection

by COLIN AMERY

Two exhibitions in London give a good indication of the past and future of the architecture of Ireland. *Irish Palladianism* and *The Evolution of Irish Architecture* are both at the Royal College of Art in Kensington Gore and run until March 7.

The Palladians are the most seductive of the architects of Ireland; somehow their version of Italian styles is much closer to the original. The extensive tours of Europe undertaken by Richard Castle and Edward Lovett Pearce during the early eighteenth century certainly had a lasting effect. Irish Palladian houses by either of these architects or their pupils bave a clarity and dignity that surpasses their equivalents in England. The exhibition is a simple display of evocative photograpbs, many of them conveying the atmosphere of the Sabine farm transferred to the Irish shores. The photographs of the ruins of Summerhill Co. Meath show what an original and dramatic house it was. Beaulien, Bellamont Foresl, Castletown are all bouses of magical beauty.

The exhibition shows how relatively brief the flowering of Palladianism was and how the great architectural competition for the Royal Exchange in Dublin marked the turning point into Neo-Classicism. A writer in 1769 described the architects of the new Neo-Classical Dublin buildings as "moving into a marvellous light."

*

The other Irish exhibition, although it is about the current practice of architecture in Ireland, tries to relate the work of today to the influences of tbe past. It also tries to show that Ireland has, since the days of the distant mounds of Co. Meath, evolved a tradition that is distinctly Irish. What is most clearly revealed is that the Irish architect has always learned from abroad and returned home to perfect his ideas. Current practitioners in Ireland are much under the influence of the United States and it is possible to find modern buildings in Dublin that are as good as aoything io Chicago.

Michael Scott bas beautifully interpreted the architectural disciplines of Mies van der Rohe, and his Television Centre outside Dublin remains one of the best collections of modern buildings in Ireland. Trinity College, Dublin bas had the boldness to add two adventurous modern buildings by Ahrends, Burton and Koralek to the sedate campus. These architects hail from Eogland and it is perbaps significant that their finest work is probably in Ireland.

Recently in Dublin a new kind of architecture has been very apparent as the office boom and the prosperity nf Ireland takes on an architectural form. The arcbitectural practice most responsible for this new look is Stephenson Associates. Sam Stepbenson is something of a Texan on the Irish scene. His buildings are bold and adventurous and have won bim both esteem and brickbats. The huge reflective pavilions of the Bord na Mona building in Dublin would be as at bome in Dallas as Dublin.

One of the most controversial new buildings in Dublin is Mr. Stephenson's Central Bank of Ireland in Dame Street. This is a beautifully finished tower of offices, the floors suspended from a central core of services. Each floor is given extra support by vertical hangar bars that are a highly visible element of the main facade. The tower is set back from the street and approacbed by a great flight of steps that lead into an impressive higb lobby. The interior of the bullding is extremely well finished and much adorned by the work of contemporary Irish artists. By any standards this building is an architectural *tour de force*—strong stuff and memorable.

St. John's, Smith Square

Malgoire/Esswood

by FRANK DOBBINS

English chamber ensembles have receotly devoted much attention to Frencb baroque composers who had formerly been neglected in favour of Bach, Handel, Vivaldi and their compatriots. The French themselves have not been chauvinist champions of their own ricb heritage: hence it was no surprise that the visit of Jean-Claude Malgoire and La Grande Ecurie et la Chambre du Roy should include more Italian than native music. It is also perhaps characteristic that they should choose an English singer, Paul Esswood, to siog the Italian music.

They did at least opeo their programme last Friday with an indigenous offering by Marc-Antoine Cbarpentier; but iostead of one of his fine vocal works they cbose part of his only surviving instrumental work—the curious and possibly spurious "Sonata" in six parts which Loodon audiences had the chance to hear complete last year during the English Bach Festival. The hopelessly inadequate programme notes failed to explain that the first half of this suite—a Grave, Sarabande and Bouré separated by solo *récits* for bass viol and bass violin—was being omitted: alone the remaining rump sounded oddly unbalanced. The only other French work was merely inscribed "Suite de Tancrède" by André Campra; what we heard was presumably the overture and five ensuing dances from the prologue to the opera published in 1702.

Tbe secood balf of the concert also comprised selections from Handelian operas which showed scant respect for conventiooal order. Thus from *Rinaldo* we heard an overture, an aria plus another overture (that of Act III) and from "Xerxes" (wby not "Serse"?) two arias followed by an overture. To be fair, these were all overtures of the French type with spicy dotted rhythms in whicb this group excels: sometimes, however, the more Italianate style presented problems—as with the latter part of the first *Rinaldo* overture where the solo violin's rapid arpeggios were out-of-step with the bassoon's walking bass—or with the recitatives from Vivaldi's cantata "Cessate, omai cessate" wbere the strings cadential punctuation did not quite fit the vocal declamation.

At other times a little French anarcby lent a certain charm and ornament to tbe ensemble. Moreover, unlike here, there seemed to be eoough good baroque oboists in France to allow M. Malgoire to abandoo his "career as a distinguished oboe soloist" in favour of the *podium*, although it is a pity that some of his musicaological "research" could not be translated into informing his less enlightened audience without incorrectly dating Vivaldi or providing inadequate verse translations for "Serse."

The great glory aod ultimate triumph of the evening was Mr. Esswood whose gentle countertenor voice lovingly caressed the beauties of Rinaldo's "Cara sposa," touchingly expressed the grief of Serse's "Non so se sia la speme" and brilliantly controlled the virtuosic bravura of "Sl, la voglio."

Munich Brass Soloists

While Philip Jones's players tour Germany, the Goethe Institute reciprocally present the Munlch Brass Soloists here. Drawn from the Bavarian Radio Symphony Orchestra, they are an ensemble, six in number, who aim to revive the entire brass repertory from the Renaissance to the present day "by means of exemplary interpretatinn." To the conventional combination of two trumpets, horn, trombone and tuba (a very recent American invention) they bave added a trumpet—and this apparently lets in a host of neglected pieces, unearthed, they claim, by "intensive research."

Certainly their programme on Sunday stretched from Giovanni Gabrieli to Joseph Horowitz, but—concentrating as it did on baroque works in the first half and light twentieth-century music in the second—was bardly comprehensive. Nor can their "research" be said to have yielded either authentic — the opener was an arrangement of Handel's *Feuerwerksmusik*—or profound results. Like most brass recitals (Philip Jones generally though not always proves an exception) it was an evening of damp squibs. The problem perhaps lies deep: our experience of brass sounds is so archetypal that their use on anything less than a grand scale or for a less than momentous occasion is practically bound to be a vexatlon.

If Gabrieli's *Canzonas* just meets such an expectation, Gottfried Reicbe'a (1667-1734) *Baroque Suite* had all the might of one of those somnoleot school arrangements its title coojures up. Eugène Bozza's (b.1905) deft, little *Suite Française* evoked the most "exemplary" rendering from the Municb Soloists—its *giocoso* first movement being discharged with splenetic brilliance. But the Quintet by Jan Koetsier (b.1911), despite the participation of all six players, could no more be redeemed from tastelessness than the blandness of Joseph Horovitz's (b.1926) *Music-Hall Suite* was able to assuage with its wit.

PAUL DRIVER

ICA

Gerald Barry

by DOMINIC GILL

Reports from the Dublin Featival of 20th-Century Music two years ago suggested that Gerald Barry (b.1952) was one of the most original and enterprising of the younger geoeratioo of Irish composers. Not so many works of any quality, good or bad, crosa the Irish Sea these days to England: all the more praise to Adrian Jack's MusICA series for devoting one of its programmes—in collaboration with "A Sense of Ireland"—to Barry's music on Sunday night.

Enterprising, certainly: and original—though Barry is a pupil of, among other composers, Mauricio Kagel: and none of the four works in his concert was quite without an identifiable savour, a certain wry, surreally bittersweet Kagellian ring. Two were pieces of music-theatre—or pieces, rather, which derive from that region (also peculiarly Kagellian) half way between theatre and music, dreaming and waking, circus and art. The first, for solo actress/soprano, called *Oécolletage*, passed me by entirely. I confess bewilderment, perceiving nothing of coberence in the title, manner or mode of the work, or in its visual gestures (of wbich at least balf the piece consisted), or in its minimal sound-score.

Barry's other theatre-piece, *Things That Goin By Being Painted*, by contrast, had real centre and real spirit. Miss Griffith in her role as speaker/singer waa joined by cello and piano and (disembodied) male voice; her text was abstracted from the endlessly entertaining 10th-century Japanese *Pillow Book* of Sei Shonagon—which she delivered in beautifully timed, outrageously tongue-in-cheek accents of High Texan Camp. The music was necessary but wholly subordinate: a succession of ambivalently tonal/atonal cameos, touching as often as not for their sheer irrelevance as for their aptness. Very crazy; very nice.

The first of Barry's two instrumental pieces—both with graphic titles, one a straight line, the other an oblique line through a circle (isn't this, if not positively pretentious, a little tiresome?)—had the more explicitly Kagellian colouring: a unison monody shared among three clarinets, four stringa and piaoo of the ensemble Lontano which grew slowly into a seductive Messiaenish rhapsody, exuding added-sixths.

Royal College of Music

Zimmermann's Dialogues

Bernd Alois Zimmermaon committed suicide in 1970, at the age of 52. In one way and another, he seems even to be posthumously unlucky. On Sunday we had tbe first British performance of his ambitious *Dialogues* (1960) for two pianos and large orchestra in a BBC Symphony College Concert—an out-of-the-way affair, not much advertised, given in a hall which barely accommodated a modest but interested audience, and with the solo pianos concealed at the back of tbe orchestra because nobody had come to move them in time.

At least the work sounded well prepared under Michael Gielen, and its dedicatees the Kontarsky brothers delivered the piano parts with seosational clarity and despatcb. *Dialogues* has seven sections, and its vast orchestral forces—some woodwinds in fives with saxophones in addition, three timpanists, nine other percussionists — are fully and imagioatively used, though rare all at once.

Gestures and above all textures count for more than the thematic material: that can be said of many ao uninspired modern piece, but Zimmermann's writing here is both vividly enterprising and, section by section, tautly concise.

In fact, *Dialogues* is subtitled "Hommage a Claude Debussy," (and that master's *Jeux* is briefly quoted in the music to poignant effect, along with Mozart's K.467 Concerto—on marimba before a piano gets it!—and the "Veni creator spiritus," hymn).

Clearly, Zimmermann took the speaking sound-colours of *Jeux* as an ideal model, though what he made of it is stamped with his own very different personality. No other Zimmermann work has impressed me so forcefully at a first hearing; it is sad to think that its demands—even in this "simplified" 1965 version—ensure that a second and a third live hearing may not happen for years.

DAVID MURRAY

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871, 883897
Telephone: 01-248 8000

Tuesday February 26 1980

Safeguarding nuclear power

PRESIDENT CARTER at the London economic summit in May 1977 proposed that the nuclear nations should mount a major re-appraisal of the development of civil noclear technology. His administration believed firmly that there were courses the world could take which would make it much harder for more nations to diversify into nuclear weapons, but which may have been by-passed for ecooomic or other reasons.

Britain, Fraoce, Germany, Japan and other nuclear nations told him that he was wrong: that he was grsvely uoder-estimating the careful thought already put into the problem of ouclesr proliferation after the hombs oo Japsn. There wss oo "techoical fix," no way of preventing a nation determined eoough to acquire nuclear weapons from doing ao.

Denial

Nevertheless, the seven-nation meeting at 10 Downing Street agreed to participate in what became known aa the International Nuclear Fuel Cycle Evaluation (INFCE). This body, launched late in 1977, is holding its final meetiog in Vienoa this week. To the surprise of few who have clnsely followed the issue of nuclear proliferation, INFCE has come to the cnnclusion that there ia nn technical solution which will allow a country to use nuclear energy without any risk tbat, if it so chose, it eould diversify into weapons.

Plutonium is a natural by-product of all useful nuclear fissioo reactions. Plutooium is itself a fissile material, aod therefore both a potential nuclear fuel and a nuclear explosive. The Carter Administration, by declaring in advance of its call for INFCE a "policy of denial" wherehy it proposed to ban the refining of plutonium from spent nuclear fuel and the development of the commercial fast reactor, plainly hoped that the exercise would endorse its policy.

In the event, INFCE has not endorsed U.S. policy. It has left the U.S. somewhat Isolated: with a policy of denial which no-one else is inclined to follow, but from whicb it shows no sign of shifting, in spite of the fact that it flouts all basic principles of fuel conservation. The fast breeder type of reactor is probably the most dramatically effective technology for fuel conservatioo aoyone has ever lovented.

But if INFCE has failed to deliver the justificatioo sought by the Carter Administration, that is oo reasoo for seeiog it as a waste of time. It could turn out to be a turning point in interoational nuclear affairs.

The U.S. has succeeded in alerting oatioos to the proliferation risks of freely using plutonium as fuel for today's commercial reactors. This works, but the fuel savioga are marginal and scarcely commensurate with the risk of proliferating plutonium fuel-making plaots in almost every couotry using reactors. The big fuel savings will arise when plutonium is being burnt in fast reactors.

In addition to pointing up the potential advantages of fast reactors, INFCE has brought out the fact that proliferation is a political problem snd calls for a political solution. Britain, which has taken a leading role among the 46 nations oarticipating io the INFCE exercise, has been instrumental in promoting a "huilding block" approach to the institutional question. The cornerstone could he international storage and msnagement of the plutonium separated from apent fuel at Windscale, Le Hague and elsewhere. Other huilding blocks required cover such matters as the gusrantee of nuclear supplies to customer uations, storage of spent nuclear fuel sod improvement of internatiooal aafeguards.

Complete set

INFCE has provided a forum for the oon-nuclear oations to make it plain that a crude Instrument of policy such as the U.S. Non Proliferation Act just will not work. If nations are deliberately deprived of nuclear tecbnology they will find some way of developing it

Yugoslavla, a fledgling nuclear nation, has played an important role as spokesman for the nations most worried by the policy of denial. Its latest proposal is that the forthcomlng Unlted Nations conference on international uses of nuclear energy, planned for 1983, should be the target date for a complete set of bullding blocks

This will be a difficult larget to meet. But for that very reason INFCE's participants should use lt to sustain the very real progress achieved since President Carter's initiative.

Nationalism in the EEC

ONE OF THE purposes of the European Community is to establish a tariff-free msrket of continental dimensions in which European companies are ahle to achieve economles of scale comparable to their American and Japanese competitors. The theory is that the free flow of goods and capital will promote competitlon and the efficient use of resources. Unfortunately, there are too many Community activities in which the theory has not yet heen put into practice. While the removal of tariffs has created a genuine enmmon market in a wide range of industrial and consumer gooda, other hsrriers still exist which prevent the EEC from realising its full potential as an economic community. In two areas in particular—cross-frontier acquisitinns and public purchasing—nationalistic attitudes remain very strong.

Bureaucracy

On the first of these it is the French Gnvernment which has consistently been the least Community-minded of all the EEC member nations. In the past few years several British groups have sought to take nver French companies but, having secured the approval of the management and shsreholders, have found themselves blocked hy bureaucratic delays while the French authorities attempt to find an alternative French-owned hidder. British Petroleum, Lucas Industries and, most recently, Thorn have found themselves in this position. Tborn's bid for Locatel, the French TV rental company, has been held up for more than seven months and it now appears that the two big French electronics companies, Thomson and CGE, have been induced to put in a competing offer.

The intervention has heen justified on the familiar ground that Locatel occupiea a key position in a strategic industry whicb the French authorities are anxious to strengthen against Japanese competition.

The French Government is presumably bappy to see Thomson buy up electronics companies in other parts of Europe, but wants to protect ita position in the domestic market.

This attitude is not only incoosiatent with the French authorities' support for leadlng companies like Peugeot and Michelin in their international expansion. It also illustrstes how the fear nf international competition, even iotra-Community competition, perverts iodustrial policy to the detriment of the Community as a whole. An even clearer example is the failure to open up purchasing hy state-owned undertakinga to Europe-wide cnmpetition.

The UK hss been marginally more liberal in this field than some of its EEC partners, but a large part of the orders placed hy natinnalised industries is effectively reserved fnr British suppliers. Moreover the present Conservative Government, despite its general dislike for intervention in induatry, is reported tn be looking to public purchasing as a means of developing products which will suit the requirements bolh of the dnminant domestic purchaser and of the world market.

Large mergers

Now it is true that attempts over the past decade to construct a European industrial policy hsve foundered, because there has been neither tbe polttical will nor the institutional structure tn mske it work. But while a European solution, directed from Brussels, to tbe problems of say, the Community's electronics industry is clesrly unrealiatic. European electronics companies are unlikely to be successful in world markets if tbey are prevented from competing tbroughout the EEC. That is why tbe removal of non-tariff harriers to trade is importanl.

It is also true that the fashion for trans-national European mergers has waned; several of the ones which did take place have had diaappointing resulta. But the ahility to set up or acquire companles in different parts of Europe is a useful competitive weapon, as a number of U.S.-owned manufacturers have shown. Barriers to inward investment, bowever desirable they may seem in particular situationa, tend to perpetuate the pattero of separate natiooal markets whicb is partly responsible fnr Europe's competitive weakness in relation to the U.S. and Japan.

Unlimited liability challenge puts pressure on Lloyd's

BY JOHN MOORE

THE legal actioo launched by Brigadier Peter Aclaod and 37 other members of Lloyd's of London against Lloyd's itself is tbe most serious of all the recent problems arising in the troubled insurance market.

In its long bistory of nearly 300 years, Lloyd's bas never faced a legal action of the kiod now being brought by its own members. The proceedings have raised major questions about bow this most club-like of insurance institutions conducta its affairs, and the implications for tbe future operation of the Lloyd's market are far-ranging.

Brigadier Acland, headiog tbe litigants, listed in alphabetical order, and his fellow plaintiffs—who include Lord Napier and Ettrick, private aecretary, comptroller and equerry to Princess Margaret, Lord Kintore, Lord Fortescue, and senior executives of msjor companies—are cballeoging their liabilities fnr a large part of some £20m of inaurance losses of a Lloyd'a underwritiog syndicate. They claim that there has been a number of hreaches in Lloyd's market procedures. Lloyd's is defending the action, which is also being hrought against several underwritiog agents, the Lloyd's companies which look after the members' affsirs.

The memhers suing Lloyd's all belong to a 110-stroog syndicate, one of 403 such units at Lloyd's into whicb the market's 18,500 members are grouped. The syndicate was managed hy an underwriting sgency company, Sasse Turnhull, and the underwriting was conducted on hehalf of the members hy Mr. Frederick Sasse.

Three-quarters of the membersbip of Lloyd's do not work in the market. They are the sleeping members who provide capital hy committing personal wealth in return for a ahare of the market's profits. Each member of Lloyd's, who usually has to show means of £100,000 on joining, commits bimself—under the principle of unlimited liability—to the full extent of all his personal assets in cover bis sbare of claims on risks accepted on his behalf. He invests a large degree of trust in those who look after bis affairs at Lloyd's and relles on tbe doctrine of utmost good faith to ensure that business transacted on his behalf is done so in tbe correct manner.

Lloyd's ability to pay up on every claim because of its extensive chain of security throughout the market, which is ultimately hacked by the wealth of the private members, has galned the market a considerable interoational reputation and enormous goodwill.

Now the basic coocept of unlimited liability is being challenged not merely because 38 members are seeking to avoid insurance claims which may have arisen from had underwriting, but rather hecause they are insisting that they should be liable only if the market is properly contrnlled.

Lloyd's, for its psrt, has given an undertaking to the courts that—regardless of the outcome of the Sasse action—insurances which are disputed will be "dnly processed and, if found to be in order, will be paid."

The story of what has become known as the Sasse affair dates back to the mid-1970s. In 1975, the Sasse syndicate, No. 762, was approached by a Lloyd's hroker, Brentnall Beard International and a binding authority was negotiated.

Binding authorities bave been in use at Lloyd's for over 50 years. They are devices whereby a Lloyd's underwriter delegates his autbority to approved brokers (not necessarily a Lloyd's broker) or to agents to accept business, withlo agreed limits, on the underwriter's behalf. Througb the use of this device, the underwriter has effectively given his pen to ao insurance specialist, often based sbroad, to accept husiness for the syndicate.

These devices hava been widely used for drumming up general insurance aod sviation business and they eootribute s significant psrt of Lloyd's £2bn annual premium income.

The binding authority whicb was negotiated with Sasse by Brentnall Beard eveotually allowed s compsny in the U.S. called Den-Har Uoderwriters to accept insuraoce husioess for the syndicate.

To provide some safeguards, Lloyd's Underwriters' Non-Marioe Association, tbe market association of tbe geoeral insurers, provides a prlvste vetting aervice so that potential holders of a hinding authority can he screeoed before the authority ls granted. This ia known as the tribunal procedure.

Lloyd'a Policy Signing Office, the central administrative service which processes all Lloyd'a policies and is organised hy a board of management answerable to the Lloyd's ruling committee, says in its procedural manual that all binding authorities issued ln the U.S. must observe trlbunal rules. The authorities must be submitted to the office for signing and sealing.

Den-Har Underwriters was not made subject to the trihunal procedure; yet lt produced insurance business for the syndicate. The business was channelled to the syndicate by Den-Har through Brentnall Beard International. At the same time and under a different arrangement reinsurances were being carried out for the syndicate on the Den-Har business through a reinsurance specialist in the U.S., Intra Global Reinsurance Facilities.

Intra Global had an authority from the Brazilian reinsurance group Instituto de Resseguroa do Brasil and therefore the reinsurances were cbannelled to the Brazilians. The Brazilians disputed the terms of Intra Global's authority and later refused to pay up when the Sasse syndicate attempted to claim $13m under alleged reinsurance cootracts.

From the Den-Har source the syndicate showed losses of $16m which mainly arose from low quality fire insurance on properties in the New York and New Jersey area. The business had been secured through numerous other insurance apecialists who had beeo undercutting tbe stste insurance schemea which accept property risks unacceptable in the commercial insurance market.

When in 1976 Lloyd's U.S. attorneys learnt what bad happened they waroed Brentnall Beard in Loodon about the quality of the insurance husioess and explained that they knew that Den-Har had not received approval under the tribuoal procedure. But it was too late hecause the premiums on the issued policies and the claims were beginning to fall on the syndicate.

By November 1976, Lloyd's, acting through Mr. Alec Higgins, its deputy chairman, and Mr. Leslle Dew, the acting deputy chairman, atepped io to correct the positinn. They called upon Breotnall Beard to submit sll necessary documents to the Lloyd's Policy Signing Office. The binding authority, which had not been signed or sealed by the office as required dnriog the uoderwriting of the business, was processed and all claima settled by tbe syndicate.

The main points of the members' actinn against Lloyd's contends that:

- Lloyd's breacbed fondamental rule 3 of the Lloyd's Act of Parllament nf 1871 hy allowing business to be conducted throngh bioding authorities. The Act says: "All underwriting businesa traosacted at Lloyd's sball he conducted lo the underwritiog rooms and not elsewhere."
- Contracts of insurance hsd heeo entered into hy various parties althnugh they hsd no authority from the syndicate.
- No authority could be given because the American producers had not received tribunal approval.
- The Den-Har binding authority had not been signed and sealed at Lloyd's Pollcy Signing Office when the contrscts of insorance were entered lnto.

More startllngly, it is alleged in the members' action, and in a third party action agsinst Lloyd's launched by Sasse Turnbull, that Lloyd's was in breach of its duties to members when it acted to legitimise alleged irregularities retrospectively in the underwritiog, presumably to protect the good name of the Lloyd's market.

The Den-Har problem was not the only trouble spot for the syndicate. Business was produced through a binding authority in Canada which produced losses of nearly C$7m. That authority, it is alleged, was never signed or sealed by Lloyd's Pollcy Signing Office for the 1977 underwriting year although contracts of insurance were entered into.

The syndicate also took on so much husiness through the hinding authorities that it breacbed its premium limits—carefully related by Lloyd'a to the amount of capital that backs a syndicate—by 400 per cent in the 1976 underwriting year. The remainder of the syndicate's losses consist of $6m on computer leasing, an ares of insurance which is expected to produce the largest-ever series of losses—£156m—in the Lloyd's market; and entertainment and leisure group insurances and other liabilities.

The Sasse syndicate has been stopped from tradiog at Lloyd's and loans have been arranged by Lloyd's for members of the syndicate.

Litigation arising from the Sasse affair bas demonstrated that there is a new mood at Lloyd's. Its cosy fraternal atmospbere is disappearing rapidly. Members of the market are not prepared to accept Lloyd's metbods of legitimising insurance business to protect the good name of the market if the powers of tbe ruling bodies can be questioned.

In these circumstances they are even less likely to be prepared to pick up the bill to protect Lloyd's good name.

Lloyd's has already acknowledged that its two principal Acts of Parliament, of 1871 and 1911, have long been outdated by tbe requirements of the market. In its defence in tbe Sasse action Lloyd'a says that the 1871 Act in relation to binding authorities is now cootrary to the long-established custom aod practice of Lloyd's and is obsolete.

Lloyd's is hoping tbat the recommendations of an interoal working party—due to report at the end of next month on self-regulation within the [market]—will provide a pack[age of] answers.

The working party, head[ed by] Sir Henry Fisher, has be[en re]viewing the constitutio[n of] Lloyd's.

A new Act of Parli[ament] would be needed as a res[ult of] the working party's findi[ngs].

So far, the Sasse affai[r has] challenged Lloyd's abili[ty to] participate in modern [insur]ance and reinsurance pr[actice] through the use of long-[estab]lished delegated mechan[isms]. These mechanisms allow [sub]stantial business volumes [to be] produced and detailed re[insur]ance programmes to [be] arranged quickly with the [maxi]mum spread of risk.

But premium rates [are] depressed in many are[as of] insurance because of [world]wide competition. To [secure] business, both brokers [and] underwriters are some[times] neglecting commercial [pru]dence and occasionally ci[rcum]venting accepted m[arket] procedures.

A recourse to law b[y] members of the Sasse sync[licate] to dispute their liabilitie[s has] established a disturbing p[rece]dent for the Lloyd's mark[et].

It shows that the wider [mem]bership of Lloyd's is gr[owing] concerned that its comm[itted] capital may be put at ri[sk in] an unacceptable and unt[...] fashion because of weakn[esses] in the checks and balances in the Lloyd's market [...] Unless the weaknesses [are] dealt with thoroughly by [the] Fisher team, the Sasse [ac]tion could be only the sta[rt of] Lloyd's problems.


Trevor Hump[hries]
An underwriting box at Lloyd's.

Lloyd's Fundamental Rule No. 3

All underwriting business transacted at Lloyd's shall be conducted in the underwriting rooms, and not elsewhere.

Extracts from Lloyd's signing office procedure manual

When negotiating binding authorities underwriters must incorporate any specific agreements or terms laid down by the Committee of Lloyd's or agreed by the underwriters' associations for the type of business or the area from which business emanates (e.g. in the case of U.S. business there must be compliance with the agreed territorial limitations, U.S. cover conditions and tribunal rules).

Binding authorities must be submitted to the relevant section at Lloyd's Policy Signing Office for signing and sealing. Non-marine and aviation binding authorities are handled in the non-marine departments; marine binding authorities, if any, are handled in the marine department.

MEN AND MATTERS

Milton tackles Chinese puzzle

Milton Friedman, handmsster, choreographer and star nf the world's longest-running monetarist roadshow will fold his tent on Friday and leave London for a brief respite in the U.S. after two years on the world lecture and TV circuit. His first task will be to sit down with collaborator Anna Schwartz and titivate the first draft of voluume three of his magnum opus, tentatively titled Monetary Trends in the U.S. and UK over the past 100 years.

Although he is "absolutely fed up with travelling," come September, the 68-year-old free marketeer will hit the road again; this time for Pekiog. He thinks ("I hsve a lousy memory") he hss been invited tn China ("the Red one is the People's Republic, isn't it?") to air his theories on money snd inflation and hte economic prospects for Europe. His grand fioale, hnwever, will be a dissertatinn on how tn reconcile market pricing with centralised planning.

"It is impossible, of course," he avers with characteristic certitude, but be hnpes to give the Chinese a helping band along the well-trodden path followed with varying degrees of sure-footedness by other Communist countries which have tried to ease economic problems caused by the rigidities of central planning.

Tbe chirpily dogmatic professor, whose theories are beiog aired in a BBC discuasion aeries, sbrugs off the sceptical assaults like those launched by Lord Kearton, Eric Heffer *et al* in last weekend's hroadcast. "The British participaota," he condescends, "have a style wholly different to that in the U.S. You bave a very ancient tradition bere of vigorously examining debating points and other irrelevancies."

He haa harsber words still for that sector of his critical public in the U.S. which "picketed and pillnried" him on his return from a lecture visit tn Chile. The only demonstratinn we shall see after his Chins trip, he says, will be of the "double standards of the intellectual communlty."

"I have been thinking I msy have to hire people to picket me . . . just to keep things in balance."

Disney pays

Those animated entrepreneurs, Messieurs M. Souris snd D. Canard, I can reveal, are on the brink of signiog a £330m development deal with the French Government whicb should ensure that the tourist industry in the south of France continues to flourisb for many years to come.

With financial support from backers, Walt Disney, Souris and Canard have agreed on the site and conditions for tbe cnostructioo of Eurnpe's first and only Disneyland. While their spokesmen in London could offer only "no comment," Bernard Bertry, from the French Ministry of Youth, Sports and Leisure tells me that tbe contract is expected to be signed before tbe eod of the montb in Miami.

Disney, I understand, wanted to build its giant open-air fun palace near the Charles de Gaulle airport and close to the teeming populace of Paris. The authorities, however, concerned about the possihilty of plane crashes, and fretting about the vagaries of tbe northero climate, eventually persusded the U.S. investors to accept free a 2,500 acre site north of Marseilles.

While it will he off the route of the travelling millions wbo annuslly head eastwarda into Europe in genersl, the new Disneyland will be ideally sited—from the French point nf view—close tn the two main routes to the Riviera aod Mediterranean sunshine, and seems certain to attract a large proportioo of holidaymakers—not to mention their pocket money.

Taking note

"Some people never lose an opportunity to make money" is a tired and no douht irritatiog witticism familiar to De La Rue, purveyors of hanknotes to nations large and small. I hear that the company's emlssaries have heen in Tehrsn trying to do what comes naturslly. With faitb in hanks reduced by general uncertainty, s certain propensity in recent times to burn them down, and a promising growth in the ioflatioo rate, one could describe banknotes aa a growth market.

It is early days, however. Decisions in Iran emerge at a dignified speed from Qom—and for the time being the notes emblazoned with tbe Sbah's bead are still doing the rounds. The Iranlan mint has overprinted his features with a cross, or sometimes with an abstract motif; otberwise it is left to individual revolutionary whim to ink in derogatory moustacbes, devil's horns, and other devices, aroond the distinguished profile of the now exiled monarch.

De La Rue has prepared a new range depicting appropriate Islamic themes. Even when Iran wants to cut itself from dependence on foreign suppliers, De La Rue at least is confident of winning fresh orders with the new order. It is, apparently, willing to sell Iran the printing machines themselves.

In keeping witb its traditiona, De La Rue says discreetly: "The Shab's face is on a lot of hanknotes . . . it would be surprising if we weren't talking to them."

Numbers game

East Germaoy, which normally maintains a prostrate relationahip with the Soviet Union, has startled even its own citizenry by revealing that it won the winter Olympics in Lake Placid. Tbe Soviet Union, with ten gold medals to East German's nine, alao claims to have won.

But when It comes to sport the East Germans dn not fool around, even with their hig brother in the east. Since the Olympics lack an official scoring system, East Germany has Invented one—it swards seven points to s gold medsl, five for silver, foor for bronze, and so on down to one for sixth place. Result: East Germany 155, Moscow 148, U.S. trailing with 97.

Characteristically, no-one is actually saying the East Germans won: instead s table nf results is prominently displayed in all the newspapers. To soften the blow, the Press has played down the American ice-hockey victory over the Soviet team, noting that the U.S. team "prepared itself long in advance for these games."

Working hols

For the benefit of readers aeeking to diversify their portfolios by buyiog foreign stocks or honds, I pass on the pointed advice given to pension fuod managers at tbeir Easthourne jamboree last week. If you inteod to invest in Spain, they were told, make your purchases between April and August. The cbaos in the Spanisb Stock Exchange's settlement system is sucb that lovestors will almost certainly bave to visit the country to sort things out . . . so you might as well take the wife and make a boliday of it.

Observer

THE U.S. PRESIDENTIAL CAMPAIGN

BY JUREK MARTIN, IN NEW HAMPSHIRE

Comeback of patriotism

A roaring, happy crowd outside the Lake Placid Olympic Arena on Sunday celebrating America's Gold Medal in ice hockey.

AT ABOUT 1.30 on Sunday afternoon, Eastern Standard Time, the United States erupted. Its ice hockey team, just a bunch of lightly regarded college kids, not the toothless Canadians who dominate the professional game, woo the Olympic Gold Medal. American flags were being waved everywhere, impromptu motorcades formed in big cities, at Radio City Music Hall in New York the Rockettes interrupted their high kicking routine to sing the National Anthem.

It was the first thing that Americans had to cheer about without affectation, for quite a long time. A sense of relief across the country was palpable. It took American minds off a series of puzzling international humiliations, even a crisis of leadership, at the very time when the quadriennial drama of the American presidential election, was gathering its full head of steam.

Every four years that rare coterie of people who, for reasons best known to themselves, want to be President, set out in search of a Holy Grail that can transport one of them to the White House. The hidden ingredient is somehow the tapping of the popular will, the striking of a spark of response in the American public.

The task is not easy in a country grown disenchanted with its politicians and its institutions, its party disciplines increasingly fragmented. It can be harder—or strangely easier—in the age of the mass media, in which saturation coverage by television turns every wart into a boil, every peccadillo into a cardinal sin or—if luck is on the right side—every good point into a shining virtue, and which is itself prone to manipulation, distortion and persuasion.

Looking back it is obvious how certain politicians found the key once control had been removed, from the smoke-filled room. The youth of John Kennedy offered hope in 1960, as a contrast to the sterility of the later Eisenhower years: the packaged stability of Richard Nixon seemed a better alternative in 1968 to the war-torn and assassination-decimated Democratic Party; in 1976, in the depths of the post-Vietnam, post-Watergate depression, when everything that moved in Washington was somehow tainted, an outsider in the shape of an unknown southern governor, Jimmy Carter, met the demand for change.

The party primaries themselves, now extended from a leisurely stroll to a gruelling marathon, offer even more graphic evidence, witness the successes of Barry Goldwater in 1964 and George McGovern in 1972, both able to light a fire under a deeply committed wing of their party.

Understanding

But looking forward to 1980 it is not easy to feel the public pulse. External crises in Iran and Afghanistan have turned such tenuous conventional wisdom as existed on its head apart from the fundamental wisdom that under heavy pressure a country tends to rally round its elected leader. Nobody, for example, could have guessed that the sense of bellicose outrage so evident last November, after the hostages were seized in Iran, would, nearly four frustrating months later, have given way to the current patience and understanding still accorded President Carter as he tries to arrive at a peaceful solution; the war tremors felt last month after the invasion of Afghanistan seem to have subsided—but by the same token nobody is placing bets on how long tolerance will prevail.

To be sure, the external crises have accentuated the conservative trend in American opinion. There will, in 1980, be no serious guns or butter debate, even though it is both apparent and accepted that the domestic state of the nation is in some disrepair. Cognisant of the national mood, not even the candidates of what passes for the Left in the United States, Senator Kennedy and Governor Brown, are talking of actually cutting defence spending, as they would have not so long ago. The President, who made such a pledge in 1976, and all the Republicans seem to be vying with each other as to how much extra needs to be spent.

Escaping from the myopia of Washington it is easy to see why this is so. In the bars of Irish Boston, in the mill towns of Maine and New Hampshire, salt is what you put on the table, not negotiate with the Russians. Detente is simply a French word. War is something nobody wants to contemplate, but there is a very evident feeling that America is being put upon too often, abandoned by its friends too readily, and pushed around too much. At the very least, it is felt that America had better be in a position to protect itself if necessary.

It is instructive that Mr. Jerry Brown, Governor of California, who, whatever his other defects, has the keenest nose for the prevailing popular wind of any current politician, is going around maintaining that if the allies bore their proper share of the common western defence burden, then the U.S. would have resources to spare to solve its domestic problems—as well as being free to measure up to foreign commercial competition.

Republican candidates for the Presidency have of course always relied on the patriotic appeal and this year they detect a rich lode and are mining it for all its worth. Rarely have the legends of Washington, Lincoln and Theodore Roosevelt been so frequently invoked, rarely has so much martial music featured in so many political commercials. And, it must be said, President Carter in his new tough incarnation, is not exactly ignoring that particular market. But the audience still retains some cynicism.

At the same time all logic dictates that sooner or later domestic concerns, specifically inflation and energy, must come to the fore. No President and no controlling party in Congress ought to relish the prospect of defending an economic record such as that which Mr. Carter and the Democrats will have to defend in 1980. Every known public opinion poll puts inflation as the number one domestic concern. But it must also be said that there is a world of difference between the gnashing of teeth so prevalent in Washington and Wall Street and the general level of prosperity still so evident in what is often described as "Main Street, U.S.A."

New Hampshire, to take one example, is currently enjoying the sort of economic boom that belies its traditional reputation as a poor state saddled with unprofitable and declining textile and shoe industries. Unemployment here is but 3 per cent, half the national average. Recreation industries are booming, the current snowless winter not withstanding.

Trooper G. F. Rousseau, of the State Highway Patrol, has few complaints these days. He does worry about inflation, but this is more than offset by the fact that he is a partner in a lucrative logging and hardwood business on the side. Like many other Americans in an economy that has expanded for well over four years he has found it possible to adjust to the challenge of inflation.

Second jobs and working wives are no longer the product of economic necessity. They have become another manifestation of the American dream of self fulfilment. Regardless of the conservative trend in the nation, it is possible to detect a certain reserve among the public about the more simplistic solutions to economic problems currently being sold by the candidates. No audience I have yet heard has been turned on by arguments over cutting taxes and balancing the budget.

It also matters in the current political climate that the country has enjoyed the generally mild winter. This has acted as a cushion against stiff increases in the cost of energy, particularly home heating oil. It has certainly weakened the immediate impact of those who contend that retention of Federal controls on energy prices is the only solution. The conservationist cause on the other hand is rather stronger than it has ever been to the past. Moreover those who have not been so fortunate — the poor, the old, those on fixed incomes—no longer comprise the national political constituencies they once did, when the creation of Franklin Delano Roosevelt's classic Democratic coalition of the under-privileged classes was the clue to electoral success. Lip service, sometimes more, certainly is still paid to the cause of the disadvantaged, but real influence now resides much more in the hands of the narrower more sophisticated special interest groups, which politicians ignore at their peril.

Wherever one goes in Campaign 1980, these groups will be evident. Here in New England the most visible (and incidentally the most polite) is the anti-nuclear lobby: but the right-to-lifers, the feminist forces, the gun lobby, the oil interests, assorted religious beliefs, to name but a handful of an endless list, will all make their presence felt. And to each of their demands, it is incumbent upon a presidential candidate to have a careful response.

Diversify

Any attempt to assess the national mood as the election year commences has to take account of the obvious—that the U.S. is a big and very diverse country. It is not merely a question of Iowa differing from New York, but of Iowa differing from neighbouring Minnesota or New York from neighbouring New Jersey. Parochial concerns still matter enormously: what concerns Washington—whether or not Mr. G. William Miller should stay on as Treasury Secretary—is invariably the subject of indifference elsewhere.

One may generalise to a degree by saying, for instance, that the West and the South are more conservative than the Mid-west and the North-east and that all parts of the country seem to be united at present in an often ill-defined dislike for what Mr. George Wallace used to call "pointy headed bureaucrats of the Potomac." But to go much further is dangerous. Six months ago it was reasonable to assume that Senator Kennedy could not lose an election in his New England kingdom. He has already lost one in the State of Maine. It would be unwise, equally, to assume automatically that President Carter's southern fortress is impregnable.

But there is a common denominator in the shaping of the mood of the public. Mr Walter Cronkite, the newscaster, unites California and Maine every night of the week. The way in which television presents the news is often drawn from the heavyweight newspapers of the East. It was, in a sense, the New York Times which discovered Jimmy Carter in Iowa in the autumn of 1975. The discovery then was magnified by national television.

This time around the spotlight shone on Mr. George Bush and lifted him from obscurity; television's cool cameras can show Mr. Ronald Reagan's real age (69); one television interview with Senator Kennedy on the subject of Chappaquiddick wiped out in one stroke the early optimism surrounding his campaign. The interpretation placed on election results by the media can make or break any candidate. Merely winning a primary these days may not be enough if the pundits declare, and the public comes to believe, that the margin was insufficient.

These are all some of the factors with which ten serious Presidential candidates are grappling. They all probably wish that the task was as straightforward as that accomplished by the Olympic ice hockey team: six victories, one draw, and—open sesame—lunch at the White House.

Letters to the Editor

Index-linked securities

From Mr. Graham Thompson

Sir,—Samuel Brittan has in a number of recent articles put forward the case for relating interest rates on Government stock to the rate of inflation. The obvious good sense of his views has led me to wonder whether there would be an even greater benefit were we to take this one logical step further by indexing not the interest rate but the nominal value of the security. This would obviously cause administrative difficulties in a traded stock but the possible advantages are large enough that this might be a small price to pay.

First, by providing an inflation-proof home for savings or investments a very low interest rate would be possible. Indeed, neither a nil nor negative rate is out of the question although the psychological advantage is with a positive rate, however small. Second, it would avoid the present market disturbances caused by the massive cash flows currently involved in paying a high rate of interest and raising more money in the market to finance this on top of the Government's borrowing to cover expenditure. Third, it would impart a greater reality to the actual size of the Government's borrowing requirements. There is a good deal of evidence to suggest that the greatest problem caused by inflation is the distortion of perceived reality that it produces. If this is so, this final point may be of greater importance than it might at first sight appear.

To take up another idea propounded by Mr. Brittan, were the issue of such new stock accompanied by or, more likely, followed by an offer to convert all existing borrowing into similar stock, then the mechanism of funding the PSBR would be improved and one of the dilemmas over setting current interest rates would be resolved.

The change I am suggesting is a procedural one rather than a "real" one and as such may appear to do little or nothing to improve the real economy. I am convinced, however, that much of the problem with the real economy lies in the attitudes of the people involved, whether in the Government, the trade unions or in the board room. Any change, even an apparently cosmetic one, that sharpens the country's perception of reality could produce massive benefits.

G. Thompson,
158, Pennsylvania Road, Exeter.

Local council finance

From the Leader of the Greater London Council.

Sir,—Local authority debt per head of population is an interesting subject which will doubtless receive a boost from David Marsh's article (February 20) in which, it is alleged, a high figure of £298 and a low one of £60 can produce an average of £641!

However, your readers should be aware of two things. The first is that in order to draw comparisons between local authorities' performances you must put like alongside like. The GLC and the County Councils do not run the same range of services and a comparison of their figures is therefore meaningless.

The second is that trends are not always apparent from bald figures. The GLC, for example, has paid off all its non-housing debt and now need borrow for no service other than housing. Its capital spending on transport, flood relief and all its other services is now met from its accumulated capital fund, which is fed from rates and recycled assets.

Next year our rate contribution will be only £1m; this year we will have paid off £123m. Local authority finance is rather more than statistics!

Horace Cotler,
The County Hall, S.E.1.

Betting on the GDP

From Mr. G. E. Wood and Mr. R. A. Batchelor

Sir,—A frantic Dutch auction is under way. The bidders are economic forecasters. Under the hammer is this year's gross domestic product.

The Treasury itself started things off last November with a forecast of a 1 per cent fall. By January almost all commentators, with the honourable exception of the National Institute, were predicting a 2 per cent fall. From this week's Press it seems that the Treasury have come back with a pre-emptive 3 per cent.

Normally this might be regarded as good clean fun. Nobel laureate Paul Samuelson once likened economic forecasters to Eskimoes sleeping six in a bed; if one rolls over you can bet the rest will.

There is, however, more at stake than whether the Treasury has fallen out of bed. The Chancellor is already faced with an awkward piece of budgetary arithmetic. The scale of public expenditure cuts has been talked down by interested ministers, and pessimistic forecasts of low domestic activity this year could well cause the Chancellor to compromise even further the principles on which his Government was elected.

We think the Treasury's pessimism is exaggerated. Even a 2 per cent fall in real output would be unprecedented in postwar economic history. In the year of deep and worldwide recession, 1975, output fell by less than 1½ per cent. The main reason for that fall was a steep fall in the purchasing power of liquid funds held by firms and individuals. When such funds are reduced, expenditure is curtailed to restore liquidity. In 1975 the fall in liquid funds was almost 20 per cent; in 1980 we—and all major forecasting organisations including the Treasury—expect a fall of only about 5 per cent. On this basis real output in 1980 should rise by a small amount.

The Chancellor should not allow the current sound of gloomy and mutually reinforcing economic forecasts to deflect him from his declared objective of reducing the size of the public sector.

G. E. Wood.
R. A. Batchelor.
Centre for Banking and International Finance,
The City University, Northampton Square, EC1.

Not such a bad Town

From Mr. Geoffrey Smith

Sir,—Earlier this month London hosted an International Seminar for the American Society of Association Executives. This is a prestigious organisation of some seven thousand directors of the professional associations that represent many millions of Americans active in their business and professional fields.

ASAE's aim was to develop a working relationship with comparable associations in the UK and the rest of Europe: leaders from many of these joined in the London meeting.

ASAE's chairman has just written to express appreciation for the "courtesies and tremendous hospitality" he and his associates encountered. He adds: "There just plain isn't a better overseas city in the world for ASAE and its people, and having you pull it all together for us on site makes the experience truly unforgettable."

Against the recent background of comment on our city's facilities and services, these remarks provide a welcome perspective. They are also a reminder that in a highly competitive international market place we in our buoyant conference industry have all to work and invest even more to continue to earn this high regard.

Geoffrey V. Smith.
Director London Convention Bureau, (Agency of London Tourist Board), 26, Grosvenor Gardens, SW1.

Status of engineers

From Mr. P. E. Harries

Sir,—Professor Garbutt (February 21) rightly mentions the relatively high status of accountants as compared with engineers.

What he misses is that situation is due entirely to the heavy flow of Government legislation regarding income-tax, corporation tax, stock relief, and etc. That is, the Government have made accountants essential.

As an ex-chartered engineer running a small limited company I have been impressed by the manner in which the accountants imposed on me by law have reduced my liabilities regarding corporation tax, income-tax and national insurance. In fact, I am very pleased. But they have not been wealth creators: just very able tax avoiders.

But one must recall the statement by Sir Michael Edwardes that the lack of skilled engineers in BL has been more disastrous than all their strikes. This was well illustrated in a recent television programme comparing the times to assemble a car door lock at Volkswagen and BL. The engineering design and assembly methods at Volkswagen were distinctly superior to those at BL and no matter how effectively BL's workers had performed, they could never have competed with Volkswagen.

Last year a Daily Telegraph survey showed that skilled engineering technicians in the Midlands were better paid in their new jobs as traffic wardens.

Finally, if the accountants are that good, why have we as a nation such an extraordinary high level of stocks and work in progress in our manufacturing industries. The reduction of which to acceptable levels would release enough cash to finance all the cash industry could desire. Say £20bn.

P. E. Harries,
Sheldon, Major York's Road, Tunbridge Wells, Kent.

Industrial designers

From Mr. Stanley Oliver

Sir,—Douglas Garbutt's letter (February 21) makes interesting reading but I do not share his pessimistic view of the Finniston Committee's efforts.

Perhaps the sharp Dundee air has caused Professor Garbutt to contract the dreaded complaint of "accountitis"? While suffering from this complaint, the patient believes that accountancy is the only solution to all industrial problems. It is invariably experienced by accountants and, in fact, accountants have become "socially acceptable" in British society because of their "white-collar" image (the very worst thing that one can do is to dirty one's hands).

A "fool" could not make any of the advanced products manufactured in our modern society at all. Indeed, for example, very few companies could manufacture an aero-engine at all, or even some of the exacting components which go into it.

There have been as many complaints from production engineers of "unimaginative accountants" in British industry refusing to finance winning technology which offers the possibility of attractive returns on capital expenditure. But we have now tired of slanging matches.

No, we really must have more highly-qualified and better trained engineers. We must have them soon, and in large quantities.

I remember a colleague having the good fortune to make a study tour of the U.S. and Japan in 1965.

On visiting the Matsushita Electrical Industrial Company (Osaka) he discovered that this one company employed 120 industrial designers. Sixty were industrial design graduates from universities and colleges and the other 60 were recruited from high schools and given internal company training. A company official apologised to my colleague that they were so undeveloped on this vital function and that it would be strengthened soon! (I know a very large British company which struggled to keep two full-time posts alive.)

My colleague was very conscious of design during the whole of his stay in Japan. As "design" is primarily concerned with "giving shape or order to things," he felt no surprise that the very great ability of the Japanese to do this in aesthetics overflowed to the general shaping and planning of things. Ample evidence of this is seen in shipbuilding, steel production and in electronics and synthetic fibres.

Potential customers do not buy "accountancy"—they buy sound and generally attractive products. Now is the time to use the "Finniston-springboard" to promote production technology and industrial design as they have never been supported before.

It is pleasing to note that new degree courses in production technology are springing up all over the country which feature financial management strongly in their syllabuses, but true perspective must be maintained.

Stanley Oliver.
Senior Lecturer,
Department of Business Studies and Management.
Salford College of Technology.

Today's Events

GENERAL

UK: Welsh National Union of Mineworkers conference to decide action against National Coal Board.

Sir Geoffrey Howe, Chancellor of the Exchequer, speaks at Engineering Employers Federation dinner, London.

Mr. Roy Jenkins, European Commission president, speaks at Parliamentary and Scientific Committee lunch, London.

Prince Philip opens National Farmers Union growers conference and exhibition, Harrogate.

Mr. Bob Wright, assistant general secretary, appears before Amalgamated Union of Engineering Workers executive on misconduct allegation.

Overseas: U.S. Presidential election primary, Concord, New Hampshire.

Mr. Charles Haughey, Irish Prime Minister, speaks at public hearing on EEC consumer protection programme, Dublin Castle.

President Julius Nyerere of Tanzania, meets leaders of front-line States to discuss Rhodesian elections.

Dr. Eliyahu Ben Elissar takes post as Israeli Ambassador in Cairo.

PARLIAMENTARY BUSINESS

House of Commons: Companies Bill, remaining stages.

House of Lords: Criminal Justice (Scotland) Bill, report.

Select Committees: Social Services. Subject: Prenatal and neonatal mortality. Witnesses: Department of Health. Room 15, 4.30 pm. Foreign Affairs. Overseas Development Sub-committee. Subject: Increase in overseas students' fees. Witnesses: High Commissioner of Sierra Leone, Council for Education in the Commonwealth, UK Council for Overseas Student Affairs, Committee of Vice-Chancellors and Principals. Room 16, 4.45 pm. Ombudsman. Subject: Report of Health Service Commissioner. Witness: Mr. C. M. Clothier, Health Service Commissioner. Room 7, 5 pm.

OFFICIAL STATISTICS

February provisional figures for unemployment and unfilled vacancies. January figures of bricks and cement production.

COMPANY MEETINGS

First National Finance Corporation, Winchester House, 10 Old Broad Street, E.C., 2.30. Nottingham Brick, Dayhroo House, Ribblesdale Road Sherwood, Nottingham, 12. Vectis Stone, Bugle Hotel, Newport, I.o.W., 12.

Static second half leaves Yule Catto with £3.4m

A STATIC second half, witb profits little changed at £2.08m against £2.12m, left Yule Catto and Co., the industrial and commercial group, with a pre-tax surplus of £3.39m for the year ended October 27, 1979, compared with £2.8m previously. Turnover increased from £12.74m to £21.29m at the year end, including a contribution of £7.33m against £1.69m from Thomas Bell.

The full year's advance reflects an improvement in all group activities. A divisional breakdown of turnover and profits shows (in £000s): rubber and oil palms £6,295 (£5,592) and £2,681 (£2,474); plastics £6,206 (£5,106) and £352 (£159); marinas £1,136 (£360) and £270 (164); export trading £7,330 (£1,686) and £168 (£13); other activities £319 (nil) and £21 (£12 loss). Interest paid in connection with the financing of confirming busioess of £201,000 (£13,000) bas been deducted in arriving at the export trading figure.

Tax for the year took £1.76m (£1.42m) and reflecting the first time full year inclusion of the minority interest in the Malaysian company, attributable profits slipped from £1.17m to £1.05m. In July, Lord Catto, the chairman, forecast that the year's attributable earnings would be similar to 1977-78.

He now says the result is satisfactory in view of the capital distribution of 11p per share made to holders shortly before the start of the yaar under review.

Stated earnings per 10p share were lower at 6.53p (7.06p), but the dividend total is stepped up from 1.54p to 2p net, with a final of 1.2p.

Extraordinary credits for the year decreased from £408,000 to £106,000 and comprised this time profits on the sale of land and investments, less a provision for losses on the closing of a factory after the balance sheet date.

	1978-79 £000	1977-78 £000
Turnover*	21,286	12,744
Unallocated expenses	†394	207
Interest paid	12	S
Trading profit	3,086	2,586
Investment income	302	215
Profit before tax	3,388	2,801
Taxation	1,758	1,424
Net profit	1,630	1,377
To minorities	546	205
Extraordinary credits	106	408
To capital reserves	140	408
Attributable	1,050	1,172
Dividends	332	256
Retained	718	916

* Includes Thomas Bell turnover of £7,330,000 (£1,686,000). † Includes a provision of £100,000 for augmenting pension benefits of past and present group employees and abortive acquisition costs of £30,000.

Lord Catto reports that the Malaysian plantations had an excellent year due to rising prices and good harvests. The Malaysian dollar depreciated by approximately 5 per cent against the pound during the year, reducing sterling profits by that percentage.

Changes made at William Cox during the year, which included management reorganisation, and a decision to close the factory in Newcastle, led to a recovery in profits from £159,000 to £352,000.

Marina profits for the year increased by 65 per cent due to a first time contribution from Hartford Marina and through improvements at Cobb's Quay, which continues to benefit from the shortage of south coast moorings.

Thomas Bell bad a particularly successful year with significantly higher profits due largely to the Bank of Jamaica confirming facility. However, the volume of business can fluctuate depending on trading conditions in its main market, the chairman states.

Investment income was again high, at £302,000 (£215,000) due to the strong cash position of the group and to high interest rates. Borrowings were kept low except for Thomas Bell, where borrowings secured on debtors are an integral part of the business.

Since November, the group has continued its policy of balanced expansion by the acquisition of Upton Marina at Upton-upon-Severn, and by the start of construction of an oil palm mill in Malaysia.

In addition, the group has taken a major step into a new area of activity by the acquisition of 16.6 per cent of the equity of Gas and Oil Acreage at a cost of £2¼m.

The main asset of this company is a 2½ per cent interest in the Buchan oil field in the North Sea; Yule is represented on the board and intends to contribute to the future development of the business. The investment has been financed largely from cash resources and by realising some of the other investments held by the group.

● comment

The leap in group turnover at Yule Catto is largely due to the £5m Jamaican credit line extended last year by its export house subsidiary, Thomas Bell. The withdrawal of ECGD cover this month indicates a dropping-back in current turnover, at least unless alternative cover is found. On the profits side, the plantations earnings rise of a fifth comes down to an advance of only 8 per cent in sterling terms, while cash from the Johore plantations sale earned useful returns. For the current year, continued sterling strength will hold back plantation profits, but rubber prices are firm. The group has now put its cash into an indirect 0.4 per cent stake in the Buchan North Sea oilfield. With the field coming on stream this year, substantial returns are some time away. But Yule might well decide to lift its GOAL stake to 20 per cent, allowing asset consolidation. The p/e of 19 at 125p on stated earnings looks to have an eye to revaluation of plantation assets, due for this year. These stand in the books at £7.5m on a 1976 valuation, but could be worth well over twice that.

HIGHLIGHTS

After a day in which oil shares captured most market attention, Lex looks at the royalty units with which Deminex, the German oil group, is proposing to top up its 300p cash offer per share for Viking Oil. The column examines the terms by which General Mining hopes to buy out the 48.3 per cent of Union Corporation which it does not already own. Lex also takes a look at the problems that high interest rates and the banking corset are posing for local authority treasury departments. On the bid front, Blue Circle is confident that it will have acquired control of Armitage Shanks when the extended offer closes this week although it looks as though the Lebanese investors will stay in as a substantial minority. Shares in Ransome, Sims and Jeffries performed well yesterday and losses in the recently acquired Dorman subsidiary look to be coming under control. Despite the dampening effect of currency conversion on plantation earnings, profits from Yule Catto climbed satisfactorily but Alexanders relied heavily on property sale proceeds to boost earnings after a delivery drivers' strike last August.

Turnbull cuts midterm deficit

FOR THE six months to September 30, 1979, Turnbull Scott Shipping Company reports a reduced pre-tax loss of £248,000. This compares with a deficit of £792,000 for the half year to July 31, 1978.

The directors forecast that the loss before tax and extraordinary items for the full year will be substantially lower than the £2.14m incurred for the last financial period, which ran for 14 months.

They anticipate that improved shipping rates will continue through the second six months, but say that rising costs, the turbulent political scene and volatile exchange rates combine to make the outlook very unclear.

Before extraordinary items the half-year loss per £1 share is stated at 25.72p (81.5p). The net interim dividend is cut from 4p to 2p—total for the previous 14 months was 6p.

Turnover for the first six months moved ahead from £4.17m to £5.44m and trading profits advanced from £459,000 to £839,000.

The pre-tax loss was struck after interest £268,000 (£307,000) and depreciation £821,000 (£889,000). Tax this time took £8,000 (£19,000). Last time there was a credit of £1.18m, representing surplus on the disposal of ships.

At the end of January 1980 the group and its subsidiaries had £8.4m of secured loans outstanding. Agreements have been entered into with various lenders for the deferment of certain capital repayments due in connection with the secured bank loans.

One of the main conditions was that all the creditors accepted the same terms. However, the group has run into some minor legal problems because one of the Norwegian banks involved would not agree to the deferment of its loan of £0.3m and a technical default arose.

The group repaids the loan concerned on January 21 but the lender issued a writ claiming legal expenses of around £3,000 and interest of another £1,155, which has been paid. The other Norwegian bank involved has invoked a cross-default clause and demanded full repayment of the outstanding Norwegian Kronor loan, of £788,370.

It is understood that the banks have followed this course of action because of a disagreement over the rate of interest. Turnbull's legal counsel has advised that the lender is not entitled to enforce the cross-default clause. If the loan were to be repaid alternative financing arrangements have been offered by another bank.

Under the terms of the loan agreements Turnbull's bankers agree to defer six half-yearly loan repayments. The terms of these agreements (which have been re-confirmed following the Norwegian repayment) call for repayments of the loans as follows: repayable within one year £273,000, repay between one and five years £5,418,000, repay after five years £2,731,000.

Ward Holdings expands by £1.1m: paying 4.2p

TAXABLE PROFITS of Ward Holdings, property developer, advanced from £1.24m to a record £2.34m in the year to October 31, 1979, on increased turnover of £11.75m, compared with £8.87m.

At midway, the pre-tax surplus was well ahead at £866,000 (£328,000), and the directors were confident that the group would maintain sound progress.

They now say that the group has taken full advantage of the up-market trend of 1979, which they expect to continue.

The net total dividend is stepped up from 2.948p to 4.2p, with a final of 3.01p. A scrip issue of one deferred share for every two ordinary held is also proposed. Stated earnings per 10p share are up from 13.8p to 25.6p.

The tax charge of £106,000 (£82,000) for the year represents mainly ACT. A corporation tax credit of £341,000 (£578,000 charge), calculated at 52 per cent, would have been provided if the group's accounting policy made full provision for deferred tax.

The group's land bank was improved during the year, and the directors have no doubt that fresh opportunities will continue to present themselves.

The development of industrial units for the group's own investment is proceeding to plan and it is intended to take advantage of further opportunities to increase its involvement in property investment.

All other subsidiaries are operating satisfactorily and continue to make a growing contribution to group profits.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Charles Baynes	0.6	April 25	0.45	1	0.75
Joe Holdings ......int.	1‡	April 3	0.88	—	2.7
Ransomes Sims	8	May 14	6.58	11.14	9.87
Turnbull Scott ......int.	2	March 7	4§	—	6§
Ward Holdings	3.01	April 3	1.96	4.2	2.95
Yule Catto	1.2	May 2	1.54	2	1.54

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Plus special 0.3p. § For 14 months.

Alexanders Holdings makes up lost ground to end with record

INCLUDING a £280,090 surplus on property sale, pre-tax profits of Alexanders Holdings, Ford main dealer, picked up from £232,393 to £630,911 in the second half of the year to September 30, 1979. This reversed a mid-term downturn and left the figure for the full year some £324,000 ahead at a record £796,000.

Again there is no dividend. A one-for-one scrip issua is proposed on ordinary and "A" ordinary shares, and this will be followed by the consolidation of every two 5p share into one share of 10p.

Turnover for the 12 months rose by nearly £2m to £30m. Tax absorbed £295,074 against £291,169 and net profit advanced from £108,234 to £500,837. Earnings per share are shown at 1.07p (1.32p).

Mr. Henry Clayton, joint managing director, says that but for the impact of disputes profits for the year would have been some £300,000 higher.

The group was hardest hit by the impact of the Ford strike early in the year.

The outlook now appears much brighter. According to Mr. Clayton, the indications are that the current year will see further growth. "We are selling every car that Ford can deliver to us," he says.

Property sales will give another boost to the results this time. A further sale is about to be completed that should produce a profit of some £180,000.

● comment

Despite a series of strikes Alexanders has managed a 69 per cent pre-tax rise on turnover up just 6.1 per cent. The bulk of the increase in earnings came not from sales of Ford cars but from a surplus on property disposal worth nearly £300,000. In a year when other Ford main dealers have enjoyed buoyant trading, Alexanders was hindered by a strike in Scotland late last summer of new car delivery services. Earlier in the year, the lorry drivers strike and 9-week Ford dispute reduced profits by around £250,000. Once again the company has not paid a dividend, preferring a bonus issue instead. At 14½p, up 1p, the shares stand on a p/e of 13.8 at the actual rate of tax.

ASSOCIATE DEALS

Grieveson Grant and Co., associates of Imperial Continental Gas Association bought on Feb. 22 150,000 CompAir at 102p.

Hill Samuel Investment Management as associates of Racal Electronics has on behalf of discretionary investment clients sold 489 GEC at 375p and bought 200 GEC at 374p.

Charles Baynes steady

A MODEST increase of £12,395 to £408,357 in pre-tax profits for 1979 is reported by Charles Baynes, the Blackburn manufacturer of hacksaw blades. At the halfway stage pre-tax profits were £211,484 against £200,807.

After tax down from £202,096 to £189,933, net profit for the year was £218,424 (£193,864). Turnover increased from £1.98m to £2m.

Stated earnings per 10p share are 6.2p (5.51p). A final dividend of 0.6p raises the total to 1p (0.74816p).

Consortium in rescue of Mansell from Receiver

Mansell Bonded Fabrics, a bonded fabric company put into the hands of a Receiver last year, has been refinanced by a consortium led by East Anglian Securities Holdings, a Norwich-based merchant banking and investment group.

East Anglian, owned by Scottish American Investment Co. and Anglia Television Group, together with associates, have subscribed for 47.6 per cent of Mansell which has been formed to take over the business of Mansell Fabrics, makers of disposable paper fabrics such as nappy liners.

Mr. Hugh Sykes, the deputy chairman of Harris Queensway Group, has been appointed chairman of the new company. The executive directors are Mr. K. Oultram and Mr. J. Kohler, formerly of Mansell Fabrics.

Apart from East Anglian, other investors in the new company include Midland Bank Industrial Finance, with a 40.5 per cent stake, Bamford Hall Holdings, a business advisory company headed by Mr. Sykes (7.1 per cent) and Mr. Ivor G. Kennington, a director of Rothschild's, who is investing on his own account (4.8 per cent).

Confidence at Crest Nicholson

WITH FURTHER significant growth forecast for the current year, Mr. David Donne, the chairman of Crest Nicholson, says that in the longer term the group has an exciting corporate plan and the Board is confident of the outcome.

In his annual statement, the chairman says the group's financial plans are founded on maintaining margins and making effective use of capital. This means financing only current assets and avoiding businesses which require heavy investment in plant giving the group flexibility in terms of materials, product range or the market.

As reported February 13, pre-tax profits jumped by 54 per cent to £4.33m for the year ended October 31, 1979, on sales up 27 per cent to £43.12m. The dividend, on capital increased by the rights issue last March, is lifted to 4.08838p (3.71671p) per share. Return on shareholders' funds rose from 38 per cent to 47 per cent.

Following its record performance in 1978-79, the property division has entered the current year with a strong order book and plans for expanded activity. Unless there is any further deterioration in the housing market, the Board is quietly confident about this year's prospects.

On the optical side, exports are beginning to make a profits contribution and this, coupled with the introduction of further new products, makes for excellent future prospects.

Midway advance at Electronic Machine

A serious decline in orders for ophthalmic optics, coupled with higher than expected bank interest, plus the deterioration in overseas markets has resulted in lower than hoped for profits at Electronic Machine Company.

For the six months to October 31, 1979, pre-tax profits were up from £32,593 to £39,048 on turnover up from £852,000 to £937,000.

Commenting on the figures, the chairman says that despite the setbacks the outlook for the majority of products is reasonably bright with security and surveillance instruments and systems and precision engineering looking particularly strong.

He says that although the Board does not expect to avoid totally the repercussions from present industrial troubles at home, and political problems overseas, results for the current year should show an improvement over the previous year.

SPAIN

February 22	Price %	+ or −
Banco Bilbao	223	−4
Banco Central	252	−4
Banco Exterior	214	−3
Banco Hispano	224	−4
Banco Ind. Cat.	135	
Banco Madrid	165	−2
Banco Santander	266	−2
Banco Urquijo	176	−3
Banco Vizcaya	234	−4
Banco Zaragoza	209	
Dragados	100.5	−0.5
Espanola Zinc	62	
Fecsa	57.0	−0.2
Gal. Preciados	34	−1
Hidrola	62.7	
Iberduero	59.2	−0.5
Petroleos	112	−0.2
Petroliber	68	
Sogefisa	115	
Telefonica	55	+1
Union Elect.	62.5	−0.2

1979-80 High	Low	Company	Price	Change	Gross Div (p)	Yield %	P/E
99	71	Airsprung Ord.	71	−1	6.7	8.4	4.2†
50	38	Armitage and Rhodes	38	—	3.8	10.8	2.4†
235	185	Bardon Hill	236	—	13.8	5.9	6.9†
100	85	County Cars 10.7% Pf.	85	—	15.3	18.0	—
101	83	Deborah Ord.	82	—	5.0	5.4	10.1
98	88	Frank Horsell	98	—	7.9	8.1	6.1
129	100	Frederick Parker	108	—	12.8	11.8	4.9†
156	102	George Blair	105	—	18.5	15.7	—†
64	45	Jackson Group	64	—	5.2	8.1	3.8†
153	113	James Burrough	118	—	7.2	8.2	10.2
300	242	Robert Jenkins	253	+3	31.3	12.4	8.1†
232	175	Torday Limited	218	—	14.3	6.8	5.7†
34	16½	Twinlock Ord.	20	−1½	0.8	4.2	3.8†
80	70	Twinlock 12% ULS	76	—	12.0	15.8	—
56	23	Unilock Holdings	50	−1	2.6	5.2	10.6
85	42	Walter Alexander	85	—	4.4	5.1	5.6
190	136	W. S. Yeates	182	—	25.8	6.3	7.0

† Accounts prepared under provisions of SSAP 15.

Blue Circle expects bid to succeed this week

Blue Circle Industries expects to be able to announce that it has obtained control of Armitage Shanks this week, and is holding final talks with institutions to persuade them to part with their stakes in Armitage.

Last week, Blue Circle stated that it had 45.5 per cent of Armitage, with actual acceptances making up 30.5 per cent. More trickled in yesterday and Barings, Blue Circle's advisers, indicated yesterday that it was in no doubt that the target would soon be reached.

Armitage's largest shareholder, the Lebanese-owned Ceramics Investments BV with over 28 per cent, meanwhile, is adopting a neutral stance. Having earlier rejected the terms worth over £30m, it is not now encouraging others to oppose it.

MEA Investments, Ceramics' adviser, is weighing up with the Lebanese—the Gargour group—the relative advantages of remaining as a minority holder or accepting the bid, which has been extended until February 28.

CAPARO/EMPIRE PLANTATIONS

The offer for Empire Plantations and Investments by Caparo Group has been accepted as to 4.39m ordinary shares (74.19 per cent), and 179,475 preference shares (81.95 per cent). Prior to the offers, Caparo owned 2.68m ordinary and 122,160 preference shares, 45.56 per cent of the issued voting capital of Empire.

Caparo now owns 74.46 per cent of the issued voting capital of Empire. The offers are now unconditional and remain open.

Delay for Manchester Liners sale

Eurocanadian Shipholdings has informed Manchester Liners that the sale of its 37.6 per cent stake in the company to Canadian National Railways, a Eurocanadian shareholder, cannot go ahead until CNR has obtained approvals from the Canadian regulatory bodies.

Therefore, until these approvals have been given, Eurocanadian remains the beneficial owner of 4.3m ordinary shares in Manchester Liners.

GLOBE INVESTMENT WEST OF ENGLAND

The offer made on behalf of Globe Investment Trust to acquire West of England Trust has been accepted by the holders of 13.35m ordinary and by Electra Investment Trust in respect of its holding of 1.4m ordinary held by it prior to February 25, and in respect of the ordinary allotted to it upon conversion of the convertible unsecured loan stock.

Taken together these acceptances represent 93.5 per cent of the ordinary of West for which the offer was made.

The offer has been declared unconditional in all respects and will remain open for acceptance until further notice.

NORMAND SELLS SUBSIDIARY

Normand Electrical Holdings has sold its subsidiary, Greenham Marine, to Brown and Perring (Instrumentation) for £90,000. In addition, the purchasers have taken over Greenham Marine's overdraft of £82,000.

As Greenham Marine had not achieved planned levels of profitability, it was considered that the total funds released of £172,000 could be better used elsewhere in the Normand group.

SHARE STAKES

Burmah Oil — The Kuwait Investment Office has disposed of 150,000 shares and now holds 7,155,000.

Leaderflush (Holdings) — *Galerie Mobel* beneficially owns 270,000 ordinary (12.44 per cent).

Decca holders approve plan to sell parts of record division

Decca shareholders yesterday approved the sale of certain assets and activities of its record division to Polygram. At an extraordinary general meeting, a show of hands showed 18 shareholders in favour and none against.

A proxy vote registered 2,889,363 shareholdings in favour, and 3,315 against. Invalid proxies represented 265,677 shares.

At another EGM shareholders approved the sale of certain investments relating to the record division—namely its 50 per cent shareholding in Decca Holding Ltd., Glarus (Switzerland), to Zyklova Holdings AG (Switzerland) and of its 50 per cent shareholding in Decca Holding Ltd., Vaduz (Liechtenstein), to Mrs. Sara Dimenstein—was approved after a poll.

On a poll requested by the Take-over Panel under the group's articles of association, 3,314,251 votes were cast in favour and 4,776 against.

As shareholders arrived at Winchester House, they were met by representatives of the Decca studio staff who were protesting at pension and redundancy arrangements being offered by the Decca company.

A statement from the protesters said that "over half the studio staff are being made redundant and, to quote one example out of many, a member with 29 years' unbroken service is being offered an ex-gratia payment of £2,185 which represents about one-third of his annual salary."

The statement added that staff being retained by Polygram face a considerable reduction in their pension entitlements.

AF warns of contraction in trawler subsidiary activities

FURTHER contraction in the activities of British United Trawlers may be unavoidable without external financing assistance, Mr. H. K. FitzGerald, the new chairman of *Associated Fisheries*, warns in his annual statement.

He says that the policy for BUT must be one for containment while the outlook for it remains uncertain.

The group's immediate objective, he adds, is to preserve its liquidity and reduce short-term bank borrowings.

These requirements and the potential financial implications of the situation affecting BUT will determine the extent of the group's expansion for the next two or three years, he adds.

Mr. FitzGerald reports that the group's shore-based businesses are currently being confronted with inflated costs, uncertainty of future supplies and increasingly competitive trading conditions in a recessionary environment.

The current year is going reasonably well but he says it would be premature to forecast the final outcome. As regards dividends, the chairman says that the board's approach is conservative but, subject to a continuing upward trend in profits, it is hoped to establish a steady increase in distribution.

As reported on February 6, the group ended the year to September 30, 1979, with pre-tax profits of £2.19m, against a loss of £2.37m previously. The dividend total is 1p net (nil).

A geographical breakdown of trading profits shows UK and Continental Europe £2.46m (£0.49m loss), North America £23,000 (£23,000 loss), Australasia £40,000 loss (£1.46m loss) and others £36,000 loss (£0.12m loss).

On a CCA basis profits before tax would have been £1.23m, against £2.19m under the historical cost convention.

A statement of source and application of funds shows an increase in working capital of £83,000, compared with a decrease of £4.86m the previous year.

SIMONS' LISTING CANCELLED

Simons and Co., the fruit and vegetable trader, has had its listing cancelled.

Over 66.96 per cent has been acquired by Francis Nicholls, a subsidiary of Geest Holdings. Applications to make specific bargains under Rule 163 (2) may be submitted.

Y. Lovell sees further growth

THE DIRECTORS of *Y. J. Lovell (Holdings)* expect the group's growth to continue during the current year.

The construction division has started 1980 with the highest ever forward order book at anticipated margins improved over last year. Although major profits growth is unlikely in this division in the near future, they are confident it will hold its own against outside pressures.

On the development side, the group plans to build and sell more houses this year, and to increase overall profitability from residential activities. However, margins may come under some pressure.

The group's property portfolio, boosted last year by the properties acquired with Farrow Group, is expected to improve further as other investments are completed.

Construction of Clare Park Clinic, the group's equity participation in which was reported last year, will be completed early this year and prospects look very encouraging, the directors say. Similar projects are being negotiated elsewhere.

The joint venture in Nigeria, in which Lovell has a 20 per cent interest, completed most of its current workload, at a substantial loss, during 1979.

The group has been unable to secure adequate further contracts, the directors say, and has concluded that unless there is some dramatic change by early 1980, there would be no purpose in continuing its involvement there.

Although two projects were completed on time and on budget in Saudi Arabia last year, no permanent presence or investment in the Middle East is envisaged.

As reported on January 25, group *pre-tax profits rose 36 per* cent to a record £2.62m (£1.93m) in the year to September 30, 1979, including a first-time contribution of £442,000 from Farrow Group. *On a CCA basis*, taxable profits were reduced to £1.92m (£1.33m).

Group fixed assets totalled £13.61m (£9.04m) at the year-end. Current assets amounted to £37.32m (£23.45m). Current liabilities were higher at £31.03m (£15.94m), including bank overdrafts of £7.91m (£3.65m), and creditors and accrued charges of £19.19m (£9.5m).

Net liquid funds decreased by £4.7m (£0.85m).

Meeting, Portman Hotel, W, on March 19 at noon.

Berkeley Exploration allotments

The offer for sale by Charterhouse Japhet of 3m Ordinary £1 shares in Berkeley Exploration and Production, partly paid, at 50p per share, was oversubscribed by 40 times. Dealings under rule 163 (3) start on Thursday.

When the list closed last Friday, there were 22,668 applications for 123.92m shares.

Applications from KCA shareholders were received for 48m Berkeley shares of the 1.95m shares on offer.

Allotment will be made in full to all applicants for 100 Berkeley shares. Allotments of 200 shares will be made to applicants of more than 100 shares who have up to 2,000 KCA ordinary shares. Thereafter, applicants will get 75 per cent, restricted to one-eighth of the number of KCA ordinary shares held.

For applications from the public, there will be a weighted ballot for 100 up to 1,000 shares, a weighted ballot for 200 shares from 1,500 to 4,500 shares and a weighted ballot for 300 from 5,000 to 9,500 shares.

Applicants for between 10,000 *to 25,000 shares will receive* 300 shares, while those applying for between 26,000 and 40,000 shares will get 500 shares and between 41,000 to 70,000 shares, 800 shares. Above 71,000 shares, applicants will get about 1.5 per cent.

Ransomes Sims up 11% after higher second half

HIGHER second-half profits following the slight fall in the first six months left the taxable surplus of Ransomes Sims and Jeffries 11 per cent ahead from £2.57m to £2.86m in the year to December 29, 1979.

Sales of the machinery manufacturer improved 23 per cent from £34.41m to £42.19m.

Mr. G. W. Bone, chairman, says the group currently has a strong order book in important sectors and the directors are confident that a further worthwhile improvement in profits for 1980 is achievable.

However, he warns that industrial unrest in the steel industry and elsewhere may put at risk the achievement of programmes and the livelihood of some employees.

At halfway, the pre-tax surplus totalled £1.21m (£1.27m). The directors said that industrial action had seriously eroded their expectation for improved profits in 1979.

The chairman now says the *full*-year results have been affected by the inclusion of 15 months' losses of Dorman Sprayers, heavier interest charges, and the engineering strikes.

The net total dividend *is* raised from 9.87p to 11.14p, with a final of 8p. After tax of £509,000 (£422,000), stated earnings per £1 share are up from 39.1p to 42.2p.

The year showed a substantial increase in sales of grass machinery—45 per cent higher at £19.66m—which now accounts for almost half of group turnover.

The industrial unrest caused difficulties, but improved productivity, coupled with a relatively low demand for some other products, enabled total production of grass machinery to be substantially above that for 1978.

Programmes for 1980 have been set which continue this trend, the chairman adds.

The group's farm machinery division experienced poor trading *conditions* and, *despite* relatively satisfactory demand for ploughs and tillage equipment in the UK, it was partly frustrated in its attempts to meet this because of strikes in August and September.

The company has concluded an agreement with Underhaug, the specialist Norwegian manufacturer, with which the company has collaborated in the UK for many years. Under this, Underhaug will develop new models of potato harvesters for the group following the company's own Sovereign machine.

This will enable the group to redeploy its engineering effort to greater effect, while providing a range of potato machinery, the chairman says.

The agricultural sprayers division showed a loss of £486,000, due to low sales attributable to the state of the market and surplus production facilities and greater overheads than could be sustained.

This division is expected to break even *this year and* contribute to profits in 1981, he adds.

Although there was an increase during the year in the value of parent company stocks in monetary terms, there was a small reduction in volume, the chairman says.

However, the group was aiming for a greater reduction than that achieved, but this was not realised because there was still some imbalance of stocks following the engineers' strike.

This will be corrected in 1980, and the position will be further improved as a result of positive action already taken to reduce the manufacturing lead time.

A small reduction in parent company borrowing has been achieved as a result of reduced *capital* expenditure, strict credit control and containment of stocks.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: F. Austin (Leyton), Peter Brotherhood, Fitzwilton, Raine Engineering.

Finals: T. F. and J. H. Braime, Commercial Union Assurance, *English* and Scottish Investors, Hongkong and Shanghai Banking, IMI, "Investing in Success" Equities, London and Lomond Investment Trust, Metalrex, Mount Charlotte Investments, National Westminster Bank, Nolton, Prudential Corporation, Ventone.

FUTURE DATES

Interim:—

Green (R.) Properties .... Mar. 17

Finals:—

Blagden and Noakes .... Mar. 3
Cadbury Schweppes .... Mar. 13
Davies and Metcalfe .... Mar. 5
Investment Trust of Guernsey Mar. 3
Phicom .... Mar. 5
Provident Financial .... Mar. 4
Teco .... Feb. 28

● comment

With the farm machinery market still in the doldrums and the Dorman acquisition proving more troublesome than expected, Ransome Sims & Jefferies must be relieved that the grass machinery division is pulling its weight so effectively. Sales here now account for almost half the total and capacity has been increased to meet heavy demand. The 26 per cent improvement in second-half profits was achieved despite the engineering dispute, so there are grounds for believing that the steel strike will not impair first-half results this year too seriously. Furthermore, losses at Dorman are slowly being contained and the Underhaug agreement seems to make industrial sense. The shares leaped 24p to 137p yesterday, but even at this level they hardly seem expensive. The p/e on the 18 per cent tax charge is only 3 while the yield is 12.7 per cent. The poor condition of the agricultural machinery is a clear depressant but Ransome is not heavily involved in developing countries (where the real problems are) and the farm division is in any case of *diminishing* importance to the group as a whole.

Beatrix may cost R400m and start in 1984

BY KENNETH MARSTON, MINING EDITOR

FURTHER information is given on the new Beatrix gold proposition in the documents detailing the proposed full acquisition by South Africa's General Mining (Genmin) of its 51.7 per cent-owned Union Corporation subsidiary.

As already announced, Genmin is offering 80 shares for every 100 in Union Corporation held at March 28. The merger, worth £208.5m on yesterday's prices, is recommended by the Union Corporation board and it will be put to a Johannesburg meeting of shareholders on March 19.

Union Corporation's Beatrix propositon is in the far southern part of the Orange Free State to the south-east of the group's Beisa developing uranium mine. If it goes ahead—the full feasibility study has yet to be completed—Beatrix will be a low grade operation with a grade ranging between 5 to 7 grammes gold per tonne of ore.

It will be worked on a fairly sizeable milling rate of 2m tonnes of ore a year and initial production could be reached in about four to five years. The total capital cost could be in the region of R400m (£217m).

The projected capital cost suggests that Beatrix will operate at a moderate depth by South African standards, possibly between 1,500 and 2,000 metres. In many ways, it would be a similar operation to the group's Kinross mine in the Evander area, although its milling grade would be lower than the grade of just under 6 grammes being handled at the latter.

It is also disclosed that Beisa is expected to cost about R250m compared with the earlier estimate of R200m and should reach production in mid-1981. Previously it was thought that the uranium property would not be on stream until 1982, but the somewhat earlier start-up may be a mixed blessing in view of the fact that its long term uranium supply contract does not start until 1983.

Meanwhile, it is confirmed that the Unisel gold mine in the OFS, which started production last year, should start paying dividends this year. The major partners in Unisel are Union Corporation and London's Selection Trust.

Union Corporation adds that it is looking at the mineral potential of other properties in South Africa and elsewhere, certain of which have "interesting possibilities."

Clearly the proposed merger between Genmin and Union Corporation with the resulting enhanced financial strength of the group would greatly facilitate the financing of new mines. It is pointed out that in its present form Union Corporation is limited by borrowing restrictions and the inability to issue shares for the acquisition of assets.

As already announced, Genmin proposes to raise R189m (£102m) for its own expansion programmes presently under consideration. A rights offer of 30 Genmin shares at 1,500 cents (813p) each for every 100 shares held at March 21 is to be made to existing shareholders and will be underwritten by Federale Mynbou, which controls Genmin.

After the issue and completion of the merger there will be 79.47m shares of Genmin in issue, of which 45.36 per cent will be held by Federale Mynbou.

It is stated that under Genmin's 2.2 times dividend cover policy—a distribution of just under half net income—a holder of 100 shares in Union Corporation would last year have received R71 (£38.50) in dividends had the merger then been in force, compared with R62 under the existing set-up.

Gold earnings boost Peko

HIGHER METAL prices, particularly for gold, enabled Australia's Peko-Wallsend to boost profit for the December half to A$17.8m (£8.6m) from A$11.38m in the same period of 1978, reports James Forth from Sydney.

As a result the interim dividend has been raised to 10 cents (4.8p) from 7.5 cents last year.

Copper prices rose from an average of A$1,352 a tonne to A$2,037 a tonne, gold from A$187 an ounce to A$339 an ounce and tungstic oxide from A$125 per metric tonne unit to A$127 per mtu.

Only coal went against the trend with the price dipping from A$38 a tonne fob to A$36 a tonne. The directors said the coal division's profitability was under "severe pressure."

Gold ore treated rose sharply but production remained virtually static at 61,026 ounces because of lower ore grades. This trend will continue next year as mining and milling operations are directed to the resumption of copper production and the recommissioning of the copper smelter at Tennant Creek in the Northern Territory.

Peko disposed of a number of industrial interests following the recent takeover of the scrap metals group, Sims Consolidated. They included the sale of a 57.5 per cent stake in Formfit Australia, which makes women's foundation garments. Speedo Holdings, the clothing group, bought 37.5 per cent and the life office, MLC, acquired 20 per cent.

To comply with Stock Exchange requirements Speedo will stand in the Formfit market for at least one month and take all shares offered at the purchase price of A$1.50 a share cum-dividend. Peko still holds 7.9 per cent of Formfit but the sale of this stake is "presently under consideration," the directors said.

Peko shares were 430p in London yesterday.

INTERNATIONAL ROUND-UP

Davy McKee, the Davy Corporation unit, has won a contract to provide an engineering study for the expansion of the Chin and Hsian Hsen gold mines in the Shandong province of China, it was announced in Cleveland yesterday. The plan is to expand production of the mines to 3,000 tonnes of ore a day from 1,000 tonnes, Davy said.

* * *

China has proven deposits of more than 600bn tonnes of coal, the New China News Agency said, quoting a Coal Ministry official. Present confirmed reserves were said to be just a small part of total deposits. Nearly two-thirds of the proven deposits are in Shanxi and Inner Mongolia, the Agency said. Chinese output was 620m tonnes last year, compared with 618m tonnes in 1978.

* * *

Placer Development, the Vancouver metals producer in the Noranda group, had record net operating profits of C$74.5m (£28.4m) last year, compared with C$26.2m in 1978. The figures, reflecting the general industry trend, were spurred by higher copper and molybdenum prices.

* * *

Iron Bay Trust, the Canadian company which earns its revenue from leasing the Griffith iron ore mine near Red Lake Ontario, to Steel Company of Canada in return for royalty payments, received C$1.5m (£571,870) in 1979 against C$1.4m in 1978. It distributed 58 cents (22.1p) a unit to shareholders, compared with 54 cents in 1978.

* * *

Steep Rock Iron Mines, which finished the pelletising of stockpiled ore last August after terminating mining at the beginning of the year, had 1979 net profits of C$9m (£3.4m), compared with C$6m in 1978. The company is controlled by Canadian Pacific Investments.

* * *

Asamera Oil Corporation of Calgary has started its winter drilling programme at its Saskatchewan uranium prospect. Four machines are concentrating initially on conductors which are beneath the lakes in the region—while the lakes are frozen.

* * *

Noranda Mines said in Toronto that it had acquired 98.5 per cent of Maclaren Power and Paper under the terms of an offer which expired at the end of last week. Noranda will invoke the Quebec Companies Act to acquire the remaining shares outstanding.

* * *

West Coast Holdings, the Perth gold exploration company, plans to raise A$443,000 (£214,165) by a one for four rights issue of 25 cents (12p) fully paid shares at par, with 1 cent options which can be exercised at any time up to the end of June 1982.

* * *

The Asian Development Bank is loaning the Geological Survey of Bangladesh $6.2m (£2.7m) to modernise and expand facilities for more extensive investigations. The funds will meet the foreign exchange costs of the survey's modernisation project.

Great Northern Tst. sees advance

Viscount Weir, chairman of Great Northern Investment Trust, hopes the company will be able to achieve a further advance in earnings and dividends in the coming year.

A good level of liquidity is being maintained in the current periods, he says in his annual statement. But as time goes on the directors hope to use this to take advantage of cheap long-term investment opportunities which are sure to become available even if such a policy may be somewhat at the expense of short-term income.

As reported on January 22, net revenue for the year to November 30, 1979, was £3.05m, against £2.31m, after tax of £1.69m (£1.35m).

During the past year, the directors have pursued a policy with two main themes. Firstly, a generally high level of liquidity has been maintained, and, secondly, this has been combined with a very selective approach to new investments.

The emphasis has been turned away from maturer companies and market sectors where, it is thought, prospects are indifferent in present circumstances. Concentration has been more on seeking specialist companies at home and abroad which still have particular individual opportunities by reason of their specific market or technology.

At the year-end investments at valuation amounted to £64.95m against £65.37m. Those listed in Britain amounted to £52.31m (£50.98m), abroad £11.99m (£13.6m); unlisted in Britain £622,403 (£656,187), abroad £27,310 (£133,647).

Meeting, Glasgow, March 17, noon.

NORTH AMERICAN NEWS

Quarterly profit and sales take a tumble at Dayco

BY OUR FINANCIAL STAFF

A DOWNTURN in sales and earnings in the first quarter of the year is reported by Dayco Corporation, the industrial components and transport products group. Earnings tumbled sharply from $4.1m or 47 cents a share (diluted) to $3m or 36 cents, while the fall in sales was more modest—from $173.4m to $170.6m.

The disappointing first quarter is a poor start to a year for which an improvement on the previous year's earnings of $2.44m (fully diluted) has been predicted. Last year's earnings were themselves disappointingly below forecast after profits had turned down in the final quarter. But the setback in profits has sharpened in the first quarter of this year—and the downturn in sales is a new development.

Dayco, although highly diversified, is strongly orientated towards the motor industry, a major customer for the V-belts of which Dayco is the world's largest manufacturer. Some 29 per cent of 1978 earnings came from transport products, with a further 41 per cent from industrial components, where the V-belt is also a major product.

A slowdown in motor industry sales has been foreshadowed in the boardroom, but it is hoped that, for the full year, the diversified replacement market will more than compensate.

Dayco also hopes to benefit this year from increased deliveries of follow-up sales to established customers, on which profit margins are wider than average.

The outcome for the initial quarter, coming as it does only two months after the expression of relative optimism for 1980, reflects the severe fall in sales announced by the major vehicle companies.

Bangor Punta expects downturn

NEW YORK—Bangor Punta expects earnings and sales for the second quarter ending March 31 to be below last year's corresponding $1.55 a share and $206.2m respectively, according to Mr. David H. Street, senior vice-president. He added, however, that first half results would be higher than in 1978-79 and the company still expects full-year earnings to be well over $6 a share.

Bangor recently reported first quarter earnings of $2.42 a share, up from $1.35 a year ago, and sales of $205m, up from $181.7m for the whole of last year, the company earned $5.95 a share on sales of $785.9m.

The group is a widely diversified manufacturer of equipment for the leisure, security and agricultural industries.

Mr. David W. Wallace, chairman, said that Bangor Punta recently bought another 25,000 shares of Lone Star Industries and now owns 667,000 shares, or 6.5 per cent. He said Bangor still has options to buy another 550,000 shares, which would raise its stake to 12 per cent.

The company expects a slowdown in the sales of its Piper single-engine aircraft to continue. The market share of the Tomahawk Trainer fell to 25.0 per cent in the first quarter from 52.7 per cent a year earlier because of large inroads by Cessna Aircraft's 152 Trainer.

Mr. Wallace said that Bangor Punta has had trouble competing against Cessna's lower prices, "and I don't think we can afford to cut prices on Trainers."

Reuter

Carnation meets forecast

BY OUR FINANCIAL STAFF

CARNATION, the dairy and grocery products manufacturer, ended 1979 with earnings on *forecast* at $3.70 a share, against $3.32 in the previous year. Total net increased by 11.5 per cent to $138m, on sales 9.6 per cent higher at $2.83bn.

In the final quarter, sales slackened to show an 8.9 per cent gain at $761.6m. A gain of 9.2 per cent in net earnings at $39.1m or $1.05 a share against 96 cents previously suggests that margins tightened. In the first nine months of the year, earnings were 13 per cent higher.

The company points out that the latest figures include foreign currency gains of $3.9m in the 1979 year, some $4.9m in 1978, $2.7m in the 1979 final quarter and $2.5m in the comparable quarter of 1978.

U.S. Shoe earnings ahead of target

By Our Financial Staff

DESPITE A setback in earnings in the footwear division, which traditionally accounts for one half of group profits, U.S. Shoe is ahead of earnings forecasts at the end of the first six months of the current fiscal year. Total net rose by 17.6 per cent to $14m in the second quarter, or from $1.69 *a share* to $1.99. At $258.3m, sales gained 14.8 per cent.

This brings net earnings for the first half to $21.9m, or $3.12 a share against $2.89. For the full year, earnings of $4.40 have been predicted. First half sales are 14.9 per cent up at $496m.

The board said retail sales in both clothing and footwear appear to be firm for the rest of *fiscal* 1980 in most divisions, and spring reorders in most women's wholesale divisions are running at very high rates.

It also said that advance footwear orders for Fall 1980 are *encouraging*.

Sales in the footwear divisions rose 13 per cent for the quarter but earnings fell 16 per cent.

U.S. Shoe said its women's specialty retailing performance for the quarter was especially good and its Casual Corner apparel stores reported a store for store increase in sales of 8 per cent for the period.

However, the company's J. Riggings Men's apparel stores continued to trail below year-ago levels, although they improved over the last quarter. Store for store sales dropped 11 per cent in the second quarter from a year ago.

U.S. Shoe said it arranged to sell a $15m issue of preferred shares in order to build its capital base for future growth. The shares will have a 20 year final maturity with a sinking fund and a 10.30 per cent yearly dividend rate.

INTERNATIONAL CAPITAL MARKETS

Foreign DM bonds show heavy falls

BY FRANCIS GHILES

FOREIGN Deutsche-Mark bond prices are still on the slide. Record high short-term dollar interest rates coupled with the strong performance of the U.S. currency against the D-Mark are drawing funds into the dollar. The net result is a more than four-point drop in the price of foreign Deutsche-Mark bonds in just over two weeks.

Since February 8, average yield to redemption on D-Mark bonds have risen from 8.36 per cent to 8.90 per cent, and are expected to rise further during *the next few* days.

Three- and six-month dollar interests rates now stand at 16⅞, about 7½ percentage points over comparable D-Mark rates. This wide gap will not be significantly narrowed even if the Bundesbank increases the German discount rate by ½ point to 8½ per cent on Thursday. This makes it difficult for leading German banks to arrange *D-Mark issues for foreign* borrowers, let alone sell the paper satisfactorily.

The German Capital Markets Sub-Committee yesterday agreed to the smallest calendar of new foreign D-Mark issues in three months—DM580m.

The March calendar was opened yesterday when Westdeutsche Landesbank launched a DM 50m five-year private placement for the Dutch mortgage bank, Westland-Utrecht. The bonds, which can be redeemed at the end of three years at the note holders' option, carry an indicated coupon of 8¾ per cent and a price of par. It will yield 8.75 per cent, the highest return on a new D-Mark foreign bond issue in three years.

GERMAN CAPITAL MARKETS SUB-COMMITTEE

Date of meeting	Volume of new foreign D-Mark bonds (DMm) approved	issued
Oct. 22	450	575
Nov. 13	400	500
Dec. 21	1,200	1,240
Jan. 28	640	450
Feb. 25	580	—

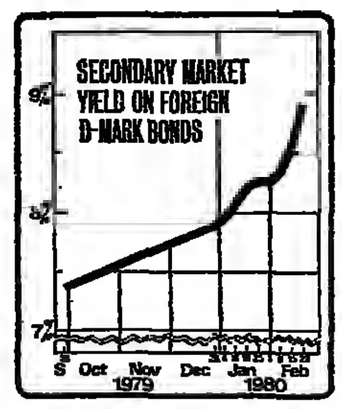
The issue for Westland-Utrecht will be followed this Friday by a DM 50m private placement for an unknown address to be managed by DG Bank, which is also expected to announce a DM 100m public offering on March 4. On February 26, Deutsche Bank will bring a Scandinavian borrower to the market for an issue amounting to between DM 80-100m. The same bank is expected to launch a DM 200m public offering for Sweden on March 17. In between, Westdeutsche Landesbank is expected to launch a DM 100m public issue for a non-European address.

Two supranational borrowers might tap the market through Deutsche Bank but that depends on two factors: the state of the market and the willingness of these borrowers to pay higher than expected coupons.

Because of the deterioration in the market since last week, Commerzbank was forced to increase by ¾ of a point the coupon it is offering on the DM100m seven-year issue for Nederlandse Gasunie. The issue has been priced at par.

Until last week the Deutsche Mark issues which showed the biggest falls in the secondary market were the older ones which carry coupons now well below what has become the norm, but yesterday recent issues were badly hit too. The 8½ per cent bond to 1995 for Banque Francaise du Commerce Exterieur fell by a full point to 92½ per cent, at which level it yields 9.06 per cent, while the 7¾ per cent bond to 1985, which was launched for Norway, fell 1¼ points to 95 to yield 8.78 per cent. One recent issue which has held up better than most is the 8½ per cent bond to 1990 for Australia, which was quoted yesterday at 99 in the middle.

Yields on some of the more



"exotic" names, such as the Brazilian issues, have now overshot the 10 per cent yield mark. The German banks are faced with a growing challenge in placing foreign D-Mark bonds. Foreign investors have shown a growing lack of interest as the rewards of placing funds short term in the dollar and sterling markets have grown while domestic German investors can often get higher yielding paper on domestic D-Mark issues.

Prices of Swiss franc-denominated bonds fell by about ½ of a point yesterday.

On the new issue front, Credit Suisse is arranging a ten-year SWFr 100m convertible for Sanyo Electric while Banque Gutzwiller, together with Nordfinanz and Kreditbank (Suisse), has completed a SwFr 100m straight bond for Norgea Kommunalbank. The latter has an unconditional state guaranty and, with a maturity of ten years, was priced at 99 to yield 5.89 per cent.

Conditions in the dollar bond sector were much quieter yesterday than at any time during the past ten days. Straight dollar bond prices picked up by ¾-1 point in the morning and fell back later on the day for a net gain of about ¼ of a point on the day.

The Special Drawings Rights 15m five-year bond for Svenska Handelsbanken was priced *yesterday at par after the* indicated coupon was increased by ½ per cent to 11 per cent because of a lack of demand.

Venezuela drops $500m loan

BY PETER MONTAGNON

VENEZUELA has decided to drop plans to float a $500m. ten-year Eurocredit through Bank of America, after revision of its borrowing requirements in the light of the latest oil price increases.

The loan was first mooted last autumn when an indicated spread of ½ point over U.S. prime rate was set and a management group of some 20 banks formed.

But Venezuela never gave the go-ahead for syndication of the credit and now Bank of America officials say the Ministry of Finance has told them verbally that it does not intend to proceed.

Banking sources added that the decision also makes it unlikely that a rumoured transaction of some $250m for the state-owned steel company Sidor will in fact come to the market.

Unlike the $500m borrowing this loan would not receive a state guarantee, but the bankers said Venezuela's policy now seems to be geared towards avoiding medium term financing.

This is partly dictated by politics. Medium term financing requires parliamentary approval and the present government does not have a majority in the Venezuelan congress.

Instead, it is thought likely that the country will concentrate on raising short term funds in the international capital markets for which congressional approval is not needed.

Thus the Institute Nacional de la Vivienda last week mandated Orion Bank to manage a $186m, one-year credit facility with a spread of ⅝ point over Libor.

Andersen appoints new chief

BY MICHAEL LAFFERTY

MR. DUANE KULLBERG is to become the new chief executive of Arthur Andersen, the Chicago and Geneva-based international accounting firm. His appointment *fills* a *three-month* vacancy at the firm, resulting from the surprise resignation of the previous chairman and chief executive, Mr. Harvey Kapnick.

Andersen's 1,200-odd partners are said to have voted 95 per cent in favour of the appointment of Mr. Kullberg. However, for the first time in Andersen's recent history the functions of chairman and chief executive are being separated. The new chairman is to be Mr. Paul Le Blanc, previously managing partner of the firm's New York office.

Mr. Kullberg had previously been *vice-chairman* of accounting and auditing practice at Andersen's Chicago headquarters. He is 47 and is appointed for a four-year term.

Mr. Kapnick had been chairman and chief executive since 1970. He was a strong believer in a centralised approach to running the practice and became one of the dominant personalities of the international accountancy business.

Under his direction Arthur Andersen was the first major accounting firm to publish its accounts, he opened an office in Moscow and was behind the move to establish a public review board to monitor the firm's international quality control standards.

The issue which triggered Mr. Kapnick's resignation was the firm's involvement in management consultancy. He is thought to have believed that a separation between the audit and consultancy practices was inevitable, because of proposed U.S. Government independence rules. His partners disagreed strongly.

AMERICAN QUARTERLIES

ACF INDUSTRIES

Fourth quarter	1979 $	1978 $
Revenue	259.6m	235.1m
Net profits	13.2m	13.56m
Net per share	1.49	1.55
Year		
Revenue	1bn	828.3m
Net profits	47.84m	41.18m
Net per share	5.44	4.71

BEKER INDUSTRIES

Fourth quarter	1979 $	1978 $
Revenue	67.3m	52.1m
Net profits	6.86m	†4.46m
Net per share	0.59	†0.39
Year		
Revenue	227.8m	201.5m
Net profits	36.44m	†9.96m
Net per share	3.16	†0.87

† Loss.

BROWN COMPANY

Second quarter	1980 $	1979 $
Revenue	150.4m	138.3m
Net profits	4.78m	4.75m
Net per share	0.63	0.67
Six months		
Revenue	310.7m	278.4m
Net profits	13.22m	10.99m
Net per share	1.76	1.54

CAPITAL HOLDING

Fourth quarter	1979 $	1978 $
Net profits	21.88m	19.72m
Net per share	0.77	0.69
Year		
Net profits	84.82m	78.89m
Net per share	2.96	2.67

CONNECTICUT GENERAL

Fourth quarter	1979 $	1978 $
Net profits	92.21m	81.34m
Net per share	2.23	1.97
Year		
Net profits	280.37m	271.73m
Net per share	6.78	6.57

CORRDON AND BLACK

Fourth quarter	1979 $	1978 $
Revenue	34.6m	30.6m
Net profits	3.88m	4.1m
Net per share	0.53	0.57
Year		
Revenue	140.3m	119.4m
Net profits	20.73m	18.34m
Net per share	2.83	2.53

ENSERCH

Fourth quarter	1979 $	1978 $
Revenue	597.8m	394.4m
Net profits	39.86m	8.95m
Net per share	1.25	0.22
Year		
Revenue	2.24bn	1.89bn
Net profits	109.78m	48.07m
Net per share	3.39	1.49

FABERGE

Fourth quarter	1979 $	1978 $
Revenue	65.2m	67.4m
Net profits	1.11m	371,000
Net per share	0.20	0.07
Year		
Revenue	245.3m	256.9m
Net profits	7.06m	8.23m
Net per share	1.27	1.18

HARNISCHFEGER

First quarter	1980 $	1979 $
Revenue	157.8m	117.7m
Net profits	2.6m	†2.59m
Net per share	0.29	†0.29

† Loss.

HEWLETT-PACKARD

First quarter	1980 $	1979 $
Revenue	664m	505m
Net profits	54m	45m
Net per share	0.91	0.78

PHILIP A. HUNT CHEMICAL

Fourth quarter	1979 $	1978 $
Revenue	27.3m	24.3m
Net profits	2.29m	2.05m
Net per share	0.40	0.36
Year		
Revenue	106m	91.3m
Net profits	8.02m	7.48m
Net per share	1.41	1.31

LOWENSTEIN

Fourth quarter	1979 $	1978 $
Revenue	178m	173.2m
Net profits	†1.37m	4.75m
Net per share	†0.41	1.43
Year		
Revenue	644.6m	620.2m
Net profits	†3.39m	12.27m
Net per share	†1.02	3.70

† Loss.

LUBRIZOIL

Fourth quarter	1979 $	1978 $
Revenue	199.1m	158.8m
Net profits	23.98m	18.83m
Net per share	1.24	0.95
Year		
Revenue	714.5m	595.3m
Net profits	90.78m	77.37m
Net per share	4.66	3.95

RAMADA INNS.

Fourth quarter	1979 $	1978 $
Revenue	98.6m	78.6m
Net profits	3.37m	0.96m
Net per share	0.12	0.04
Year		
Revenue	375.6m	322.3m
Net profits	15.47m	10.22m
Net per share	0.57	0.40

SQUIBB

Fourth quarter	1979 $	1978 $
Revenue	412.2m	346.5m
Net profits	37.51m	33.23m
Net per share	0.82	0.74
Year		
Revenue	1.45bn	1.24bn
Net profits	115.02m	109.79m
Net per share	2.52	2.44

STANLEY WORKS

Fourth quarter	1979 $	1978 $
Revenue	223.1m	204.8m
Net profits	12.07m	11.59m
Net per share	0.99	0.97
Year		
Revenue	872.3m	753.8m
Net profits	51.43m	41.56m
Net per share	4.26	3.50

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month. Closing prices on February 25

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alcoa of Australia 10 89	60	77⅛	78	0	−3	14.47
Alex Howden XW 9½ 91	30	70	72	+0¼	−2¼	14.95
Aquitaine Can. 11¼ 85	30	†88	88½	+0½	−2⅞	14.73
Australian Res. 9⅝ 84	30	84	84½	+0⅝	−2½	14.65
Avco O/S Cap. 10¾ 87	40	75¼	75¾	+0¼	−1⅜	16.22
Beneficial Fin. 9¾ 87	100	78⅜	78⅞	+0½	−3¼	14.64
CECA Grad. Rate 12 86	100	87¾	88½	−1⅜	−4¼	14.86
CECA 11⅜ 90	50	81½	82	+0⅜	−5¼	15.31
Canadian Pacific 9¾ 89	50	75⅞	76⅜	+0⅛	−4½	14.60
Carter Hawley 9⅞ 86	50	78¾	79¼	+0⅛	−2¼	15.03
Comalco Inv. E. 10¾ 91	40	77⅛	78⅛	+0½	−3⅜	14.26
Continental Grp. 9⅞ 86	100	78½	79	0	−3⅞	15.00
Dome Petroleum 10 84	50	68½	69	+0⅛	−6½	15.51
Dominion Bridge 10⅝ 84	30	86¼	86¾	+0⅜	−0⅞	14.65
EIB 11⅜ 82	80	81	81½	+0¼	−4⅛	15.24
EIB 10⅞ 87	100	83¾	84¼	0	−2⅛	14.21
EIB 10.15 99	100	74	74½	+0⅝	−3½	14.56
Exportfin 11¼ 87	50	85⅛	85⅝	−0⅞	−4⅜	14.75
Export Dv. Cpn. 9⅞ 84	100	84⅝	85⅛	+0⅝	−2⅞	14.47
Export Dv. Cpn. 9⅜ 84	150	85⅜	85⅞	+0⅞	−1⅜	14.23
Finland 9⅝ 89	100	75	76¼	−0⅜	−6⅛	14.97
GTE Finance 9¾ 89	55	75¼	75¾	+0½	−4½	14.70
GMAC 9¼ 86	100	79	79½	+0⅞	−2⅝	14.45
GMAC O/S Fin. 11 84	100	89	89½	+1	−3	14.20
Gould Int. Fin. 9¾ 85	50	83½	84	+0½	−1⅜	14.53
ITT Antilles 9½ 89	75	74	74½	0	−3	14.78
Kennecott Int. 9½ 86	100	75½	76	−0⅜	−4	15.89
Manitoba 9½ 89	75	76¼	76¾	+0¼	−2	14.28
Michelin 10 94	125	71⅜	72⅛	+0⅛	−6¾	14.75
Nat. Oss. Telecm. 9⅞ 86	100	80⅞	81½	+0⅜	−3½	14.23
New Brunswick 9⅞ 94	75	71½	72½	+0⅞	−3⅜	14.56
Newfoundland 10 94	50	69⅞	70⅞	−0⅞	−4¼	15.30
Norges Komm. 9⅞ 99	100	71½	72½	−3½	−5⅜	14.65
Norway 9½ 94	150	75⅛	75⅞	+0⅜	−2⅝	14.26
Nova Scotia Pwr. 9¾ 89	50	75¼	75¾	+0⅛	−3	14.75
Occidental Fin. 10½ 84	50	84¼	84¾	+0⅛	−3⅛	15.42
Orient Leasing 9½ 86	25	80½	80⅞	−1⅛	−3⅞	14.38
Pennwalt O/S F. 9¾ 84	25	83⅜	83⅞	+0¼	−1½	15.29
Pepsico Cap. 9¼ 84	100	85¼	85¾	+0⅞	−2	14.23
Quebec Hydro 10 99	75	66⅞	67⅜	+0½	−4¾	15.38
Sears Roebuck 9 82	150	90	90½	+0⅛	−1⅛	15.07
Statoil 9⅞ 89	100	76	76½	+0⅝	−3½	14.34
Sweden 9¾ 89	100	76½	77	+0⅞	−3¾	14.46
Sweden 9½ 86	200	81	82	+0½	−4½	14.59
Sweden 9¾ 84	100	85¾	86¼	+1½	−1⅞	14.13
Unilever NV 9¾ 87	100	77	77½	+0½	−2⅜	14.42
Warner-Lambert 9 94	100	84⅞	85⅝	+0½	−1	13.99

Average price changes... on day +0¼ on week −3¼

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev. Bk. 8 87	100	95¾	96¼	−0½	−0¾	8.68
Asian Dev. Bk. 7¾ 88	100	87⅝	88⅜	−0⅜	−2⅝	8.24
Barclays O'seas 6¾ 89	100	85	86	−0½	−3¾	9.14
BFCE 7¾ 87	100	84⅞	85⅛	−0½	−3	8.77
BFCE 8½ 95	100	92½	93½	−0½	−3⅛	9.02
Brazil 8 87	150	91½	92⅜	−0⅜	−2⅛	8.53
CECA 7 91	150	87⅜	87⅞	−0¾	−3⅛	8.60
Council of Eur. 7¾ 89	100	88⅜	89⅜	−0½	−2⅜	9.08
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes... On day −0⅝ on week −2½

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes... On day −0⅝ on week −2½

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes... On day −0⅝ on week −2½

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes... On day −0⅛ on week −0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

VDO and Matra in joint venture

BY KEVIN DONE IN FRANKFURT

VDO ADOLF SCHINDLING, the West German automative and marine instrument manufacturer, and Matra, the French defence, moinrs and space company, have joined forces to establish a new watch and clock manufacturing gronp.

It will have its headquarters in Paris and consist of 10 companies, five in France, three in West Germany, and two in Switzerland.

As a joint enterprise the 10 companies would have had combioed sales last year of FFr. 750m ($182m), placing it sixth in the world watch industry. The new company has a total workforce of 3,500 people and is aiming to hoost sales to more than FFr 1bn. over the next four years.

For VDO, the largest car instrument manufacturer in Europe, the joint venture represents a further move beyond its traditional instrument making activities.

VDO, a family-owned group with sales last year of DM 1.4bn ($795m), is facing a considerable challenge from micro-electronics and is seeking to diversify.

For the French companies, the new venture is the culminatioo of the protracted reorganisation of the French watch and clock industry, aimed at forming a group that would be large enough to take on the big Japanese, Swiss and U.S. groups.

The VDO/Matra combine will rank sixth behind Seiko and Citizen of Japan, ASU and SSIH of Switzerland and Timex of the U.S. It incindes brand names such at Jaeger-Le Coultre, IWC, Garant and Jaz.

The companies in the new concern are Bayard, Framelec, Jaeger Horlogerie, Jaz and Yema in France, Garant, Mauthe-Uhren and VDO Quarz Zeit in West Germany and Saphir and International Watch in Switzerland.

VDO and Matra are each taking a one-third shareholding in the new group, the remainder beiog held by two international banks, one West German, one French. Negotiations with the banks have not yet been completed.

VDO's interest in France stems chiefly from its rescue of Jaeger, the French vehicle instrumentation group in 1972-73, in which it originally took a 41 per cent interest. It stepped in to take a controlling interest in one of its leading European competitors when it became clear that Jaeger was unlikely to receive help either from the state, the French banks or the motor industry.

In the past six years Jaeger has been successfully turned round from losses of FFr 27m to a profit of a similar size.

VDO found its way blocked, bowever, when it sought to reorganise Jaeger's watchmaking activities because it ran up against the French Government's own plans for a fundamental restructuring of the French watch industry.

Matra's involvement as a willing partner overcame French Government objections and has set the stage for a series of further co-operative joint ventures which could help it achieve its aim of further diversification.

Last year it sold part of its interest in Jaeger to Matra. The French and West German groups then formed a joint holding company, Plafinco, which holds a controlling 51 per cent interest in Jaeger.

Jaeger, the leading French car instrument manufacturer, has in turn passed its watchmaking interests to the new watch and clock group.

Apart from the need to reorganise Jaeger, VDO was also drawn towards the clock and watch industry as a result of its own development of automotive quartz clocks. It claims a world lead in this field, with daily output of more than 20,000 quartz vehicle clocks.

The world clock and watch market is already highly competitive, but VDO and Matra are confident of establishing a presence through the application nf advance technologies developed for the aerospace, motor and space industries.

Earnings advance at Lindt and Spruengli

By John Wicks in Zurich

GROUP TURNOVER of Chocoladefabriken Lindt and Spruengli, of Kilchberg, Switzerland, rose by 11.3 per cent last year to Sw Fr 492m ($301.8m) including licence income. The Swiss chocolate concern had recently estimated a growth rate of "a good 10 per cent."

The parent company, whose sales were up by 4.9 per cent to Sw Fr 147.9m, recorded a rise in its net profits from Sw Fr 2.9m to Sw Fr 3.16m in 1979.

The Board has recommended the inclusion of the previous year's 2 per cent jubilee bonus in the regular dividend, meaning that this will remain at the 1978 total of Sw Fr 100 per bearer and registered share.

An unchanged sum of Sw Fr 200,000 will be transferred to the reserve fund and Sw Fr 700,000 to special reserves.

Union Bank of Finland reports record deposits

By Lance Keyworth in Helsinki

KANSALLIS-OSAKE-PANKKI, one of the two biggest Finnish commercial banks, had "quite a satisfactory" year in fiscal 1979. The preliminary results show that net profit after depreciations and transfers to the credit loss reserve was FM 49m ($13m), an increase of 9 per cent on 1978.

KOP proposes to raise its dividend to 12 per cent, compared with 11 per cent in 1978, on a share capital of FM 405m. The balance sheet total on December 31, 1979, was FM 18.92bn ($5.1bn), up 16 per cent on the previous year.

Deposits increased by 18 per cent to FM 11.6bn, while the credit portfolio was enlarged by 14 per cent to FM 12.26bn. The credit loss reserve was increased by 25 per cent to FM 378m. KOP is raising its share capital with a rights issue this year to FM 621m.

The other big commercial bank, Union Bank of Finland, reports that 1979 was the best year in its history for deposit business, with deposits growing by 16.7 per cent to FM 10.5bn Lending increased by 15.7 per cent to FM 13.7bn. The balaoce sheet total grew by 25 per cent to FM 20.1bn. Net profit for fiscal 1979 was FM 76m, of which Union Bank proposes to pay out FM 75m in dividends, 14 per cent on Ordinary and 11 per cent on Preference shares.

Competition hits KHD orders

BY ROGER BOYES IN BONN

KLOECKNER HUMBOLDT DEUTZ (KHD) the West German engineering group, has reported a sharp iocrease in both domestic and foreign sales for last year, but the order book has been hit by tough international competition.

The Cologne-based company, which produces diesel engines, agricultural equipment, and process plant, said yesterday that foreign sales had increased by 9 per cent to DM 1.9bn ($1.08bn), while sales in Germany rose by 4 per ceot to DM 1.46bn. The bulk of the increase came from higher tractor sales and strong demand for fast-running, air-cooled engines.

The explanation of the drop in overseas orders—down 19 per cent to DM 1.66bn—seems to lie in a blend of commercial and political factors. In the first place, the Japanese, aided by the weakness of the yen against the Deutsche-mark, captured much ground, especially in the Middle East. To this has to be sdded the effect of the Iran crisis and the increasingly long intervals between the signing of orders and their completion.

The fall in foreign orders has naturally led to a decrease in orders io hand—down by 12 per cent to DM 1.78bn. Domestic orders, meanwhile, edged up last year hy 2 per cent to DM 1.47bn.

Despite the vulnerabilities of the process plant division—the division mostly involved in the drop in foreign orders—KHD sees strong prospects in overseas business, especially in the case of the diesel engine division. Many of KHD's moves over the past year have beeo geared to streamlined production and sales in the U.S. and other markets.

Thus KHD's disposal of its 20 per cent stake in Iveco, the holding company for Magirus Deutz and Fiat Trucks, has enabled it to become an independent supplier of diesel engines. The acquisitioo of an assembly plant in Richmond, Virginia from American Motor Company will also help to meet the rising demand for fast, air-cooled diesel engines.

Bendix may bid for rest of DBA

BY TERRY DODSWORTH IN PARIS

BENDIX, the U.S.-based components and braking equipment compaoy, is thought to be behind a bid for the outstanding shares of its Freoch subsidiary, DBA, now in the throes of a root and branch reorganisation.

Shares in DBA, 92.3 per cent owned by Bendix, were suspended on Friday on news of the planned bid. Bendix is believed to be intent oo taking complete control in an effort to breath new life into the French company's activities.

DBA has gone through a difficult period recently, losing more than FFr 50m ($12.5m) in 1978. It changed direction radically last year, with the sale of its 51 per cent stake in Ducellier, the French vehicle electrics company, which has now come under the joint ownership of Lucas of the UK and Ferodo of France.

Since then, DBA has continued to slim down. It recently sold its rubber and plastics business, and is believed to be interested in disposing of its aeronautics components equipment manufacturing activity as well.

At the same time, Bendix itself has signed a microcircuitry technology agreement with Renault, the nationalised French vehicle company, which suggests that it is aiming to develop its automotive electronics business in Europe separately from DBA.

Late last year, at the time of the appointment of a new chairman to DBA, Bendix stressed its continuing interest in the French and European vehicle industry.

Following its recent difficulties, the U.S. company's new strategy seems to be based on concentrating on the vehicle brake and equipment sector. It already has a solid position in this business, employing about 9,000 people, and has sales of around FFr 1.5bn.

Geneva bank plans increase in capital

By Our Zurich Correspondent

THE GENEVA-BASED Compagnie de Banque et d'Investissements (CBI), a bank specialising in stock exchange, securities and portfolio management business, has announced a rise in net profits from SwFr 3.6m to SwFr 5.68m ($3.51m) for 1979. The Board proposes an unchanged dividend of 8 per cent, plus a 2 per cent bonus to mark the tenth anniversary.

At the same time, CBI plans to increase its capital from SwFr 8m to SwFr 14m ($8.66m) and to transfer SwFr 9.3m from internal to open reserves.

The bank, whose balance-sheet total rose sharply last year from SwFr 152m to SwFr 217m (134.36m), would then have a capital-plus-reserves figure exceeding SwFr 40m.

Siemens-Albis turnover up

By Our Zurich Correspondent

TURNOVER of the Swiss electrical engineering and telecommunications company, Siemens-Albis Ag of Zurich, showed a slight increase from SwFr516m to SwFr519.5m ($314.8m) in the financial year ended September 30, 1979.

From net profits up from SwFr9.2m to SwFr9.3m ($5.63m) for the year, the company is to distribute an unchanged 12 per cent dividend.

The capital is held as to 78 per cent by the Zurich-based Seimens group holding company Siemens-Beteiligungen AG, and the remaining 23 per cent by the Swiss concern Elektrowatt, also of Zurich.

Schroder Bank Zurich

NET PROFITS of J. Henry Schroder Bank AG, Zorich, rose slightly to SwFr 2.36m (1.44m) last year, compared with a 1978 figure of SwFr 2.31m, writes John Wicks in Zurich. The board recommends paymeot of an ioereased dividend of SwFr 1.1m, np from SwFr 1m.

Hermes Precisa payout

The Swiss office equipment concern Hermes Precisa SA, of Yverdon, intends to distrihnte its first dividend since 1974, writes John Wicks in Zurich. According to a letter to shareholders, consolidated group sales last year were bigher by some 4 per ceot than the 1978 figure of SwFr 255m ($155.5m).

Marginal rise for Dutch merchant bank

By Our Amsterdam Correspondent

THE DUTCH merchant bank Pierson, Heldring and Pierson (PHP), maoaged only a slight increase in profits in 1979 following the 45 per cent rise of the year before. PHP, which is a wholly-owoed subsidiary of Amsterdam-Rotterdam Bank (AMRO), ascribed this slowdown to the poor conditions facing companies, their reluctance to tap the domestic aod foreign capital markets and the poor investment climate.

The bank reported consolidated net profit of Fl 16.8m ($8.7m) last year compared with Fl 16.4m in 1978. The balance sheet total rose by 6.8 per cent to Fl 4.4bn ($2.3bo) compared with the 12.4 per ceot increase in 1978. The results of PHP, which is the second Dutch bank to report for 1979, confirm the slowdown io banking growth revealed by Amro's figures, which were released last week.

Revenue from commission and securities business was almost unchanged at Fl 69m. The improvement in income from trust business partly compensated for the poor performance of a number of stock exchanges, the low rate of new issues and the erosioo of commission on money and credit activities. PHP managed two of the five new share issues on the Amsterdam bourse last year.

Reveoue from lending and foreigo exchange business rose by 17 per cent to Fl 75.8m due to improved interest margins and a 7.5 per cent increase in the bank's loao portfolio.

Total revennes rose by 9.4 per cent to Fl 144.8m, while costs rose by 12.6 per cent to Fl 111.3m as a result of an increase in staff and modificatioos to the Amsterdam office.

PHP reserved Fl 10m for general risks, an increase of 21 per cent over 1978, reflecting the growth of its loao portfolio.

Bank Hofmann growth

Net profits of Bank Hofman AG, of Zurich, rose by 16.1 per cent last year to SwFr 2.12m ($1.3m). The board recommends the distribution of an unchaoged total dividend of SwFr 1.2m, the transfer of SwFr 100,000 to statutory reserves and the transfer of SwFr 800,000 to special reserves, writes John Wicks in Zurich. The Bank's balance-sheet total rose by 7.9 per cent in 1979 to SwFr 354.24m ($218.66m).

Douwe Egberts first-half profits up by 31 per cent

BY CHARLES BATCHELOR IN AMSTERDAM

DOUWE EGBERTS (DE), the Dutch tea, coffee and tobacco group, achieved further large rises in profits and turnover in the first half of 1979-80. It expects that full-year profits will at least equal the previous Fl 104.9m ($54.6m), despite the pressure on margins in the second half.

Net profit rose 31 per cent in the six months to end-December to Fl 57.9m, giving an unchanged return on assets of 19 per cent. Turnover rose 28 per cent to Fl 1.28bo ($666m), with 48 per cent of sales arising overseas compared with 38 per cent last year.

Coffee sales by volume rose 35 per ceot, including a 25 per cent increase due to new consolidations.

DE maintained its share of the Dutch coffee market and strengthened its position in Belgium and France. It plans to place a small number of its bearer certificates with a limited conversion right on the over-the-counter stock market in Amsterdam on March 27. Consolidated Foods Corporatioo of Chicago owns 65 per ceot of DE's shares, although its voting rights are limited to 26 per cent. DE has changed its book year to run from July to Juoe with effect from 1979/80.

● The Dutch copier group Oce-van der Grinten saw the fistter trend of profits growth set during the first olne montbs continue during the final quarter of the year to end-November 30, 1979, writes our Financial Staff. This trend was in marked contrast to the rapid expansioo the group bas shown over the past few years.

Oce group turnover increased hy 4.38 per cent over the period, operating profit was 9.1 per cent higher and net profit rose by 3.3 per cent. Earnings per share came out at Fl 23.64 against 1978's Fl 23.11. Cash flow advanced by 8.6 per cent.

INTL. COMPANIES & FINANCE

Komatsu results boosted by strong overseas sales

BY YOKO SHIBATA IN TOKYO

KOMATSU of Japan, the world's second largest manufacturer of construction machinery, reported an impressive sales and earnings performance for the fiscal year ended December 31, 1979, thanks to brisk domestic public investments and strong overseas sales.

Operating profits gained 37.6 per cent to Y46.79bn, and net profits were Y20.24bn ($82m), up 27.4 per cent, on sales of Y455.77bn ($1.8bn), up 15.2 per cent over a year ago. Per share profits improved to Y27.55 from Y21.95.

Domestic sales expanded by 13.2 per cent to account for 60 per cent of the total, reflecting strong domestic demands for construction machinery aided by active public investments. Thanks to favourable exports of construction machinery and industrial machinery, mainly to the Middle East and South East Asia, exports improved by 15 per cent to account for 40 per cent of the total turnover.

Cost reduction efforts and improvements in export profitability caused by the yen's depreciation accounted for the improvement of earnings.

For the current fiscal year ending next December, Komatsu sets a bullish target for both sales and earnings on the strength of vigorous overseas demand for construction machinery.

Operating profits are expected to reach a record level of Y53bn, up 13.3 per cent. Net profits are targeted at Y24bn, up 18.6 per cent, on sales of Y500bn, up 9.5 per cent over a year earlier.

Sharp rise for Asahi Glass

BY OUR TOKYO CORRESPONDENT

ASAHI GLASS, Japan's leading manufacturer of glass and chemicals, has reported strong earnings for the year to December. Operating profits went up by 46.3 per cent on the year to Y33.31bn ($136m). Net profits were Y17.22bn, up 36.1 per cent, on sales up 20.9 per cent to Y392.97bn ($1.6bn). Profits per share improved to Y20.11, from Y15.07.

The upsurge in earnings was attributed partly to the higher volume of sales and partly to the marking-up of selling prices, backed by strong demand for glass from the motor and construction industries. In particular, sales of float plate glass with a relatively high added value, fared well, rising 31 per cent. Sales of TV Braun tubes were up 17 per cent.

Exports of plant and technology accounted for Y6.1bn out of total operating profits. The company sold ion exchange membrane technology to ICI, of the UK. It also exported a colour TV Braun tube plant to China.

During the past two years, the company has taken steps to improve its financial standing, reducing its debt burden by Y20bn in 1978 and Y20bn in fiscal 1979. As a result, the owned capital ratio has improved to 11.3 per cent from 9.3 per cent a year earlier.

For the current year, the company foresees difficulties in raising selling prices to cover higher costs. Operating profits are expected to be Y34bn, up 2.1 per cent, and net profits Y17.5bn, up 1.7 per cent, on sales increasing by 9.4 per cent to Y430bn.

Improved demand leads Union Steel recovery

BY JIM JONES IN JOHANNESBURG

UNION STEEL, the South African manufacturer of special and mild steels, has benefited from strongly improved demand and the completion of a five-year expansion project.

In the year to December 31, 1979, Union increased its turnover by 47.4 per cent to R202.8m. With substantially stronger domestic demand, for special steels, which are not price controlled, pretax profit advanced by 114.4 per cent to R13.1m.

The management is cautious on projecting future results, but as domestic capital spending picks up, Union appears set to be a major beneficiary. However, not all of the company's growth is from special steels. Price-controlled mild steels are experiencing stronger demand, resulting in better plant capacity utilisation and coverage of overheads. In addition, South African Railways' electrification programme has had a favourable impact on Alcor, Union's aluminium conductor manufacturing subsidiary.

Union has clearly recovered from the turnover and profit downturn of 1977-78, with previously loss-making subsidiaries now contributing to profits. Even so, the management has taken a cautious view on the company's recovery. Although current capital spending is aimed at maintaining rather than increasing output, the dividend cover has been increased.

From earnings per share of 31.1 cents, up from 1978's 12 cents, a dividend of 8 cents has been declared, against last time's 5.5 cents.

Marubeni buys stake in Forestwood

By James Forth in Sydney

FOR THE second time this month, a Japanese trading house has stepped into the Australian share market to protect the existing board from the threat of takeover. Marubeni Corporation yesterday revealed that it was the mystery buyer last week of a 15 per cent stake in the coal and timber group, Forestwood Australia.

The purchase appears to block the media group headed by Mr. Kerry Packer, Consolidated Press Holdings (CPH), which recently admitted that it held 19 per cent of the capital. The CPH stake disclosed after hectic trading on the share market prompted a query from the Sydney Stock Exchange.

Earlier this month, another Japanese group, Mitsubishi, increased its holding in the New South Wales coal and construction group, White Industries from 8.3 per cent to 15 per cent. Mitsubishi acted to protect its investment, which included a 40 per cent stake in a proposed major new steaming coal mine, along with marketing links. CPH was also involved in the White Industries episode, having steadily built up its holding to just over 25 per cent.

The White directors believed that CPH had reached some form of understanding with Mr. Alan Bond, the Western Australian businessman, which prompted them to organise a defence operation involving Mitsubishi.

Notice to Holders of
Chrysler Overseas Capital Corporation
4¾% Guaranteed Convertible
Sinking Fund Debentures Due 1988:

Chrysler Overseas Capital Corporation (the Company) has appointed J. Henry Schroder Bank & Trust Company, whose Corporate Trust Office is located at One State Street, New York, New York 10015, as successor Trustee, and as the Company's paying agent in New York City, and Chrysler Corporation (the Guarantor) has appointed Schroder as the Guarantor's conversion agent in New York City under the Indenture dated as of May 15, 1968 pursuant to which the above Debentures were issued and are outstanding, which appointments have been accepted by Schroder and became effective as of February 8, 1980.

CHRYSLER OVERSEAS CAPITAL CORPORATION

Dated: February 8, 1980

Notice to Holders of
Chrysler Overseas Capital Corporation
5% Guaranteed Convertible
Sinking Fund Debentures Due 1988:

Chrysler Overseas Capital Corporation (the Company) has appointed J. Henry Schroder Bank & Trust Company, whose Corporate Trust Office is located at One State Street, New York, New York 10015, as successor Trustee, and as the Company's paying agent in New York City, and Chrysler Corporation (the Guarantor) has appointed Schroder as the Guarantor's conversion agent in New York City under the Indenture dated as of February 1, 1968 pursuant to which the above Debentures were issued and are outstanding, which appointments have been accepted by Schroder and became effective as of February 8, 1980.

CHRYSLER OVERSEAS CAPITAL CORPORATION

Dated: February 8, 1980

GESTETNER HOLDINGS LIMITED

THE ANNUAL GENERAL MEETING will be held at 10.30 a.m. on 27th March, 1980 at the Gestetner offices (Broad Lane entrance) London, N17, for the purposes of:—

1. Receiving and adopting the report and accounts.
2. Declaring the final dividends recommended in the directors' report.
3. Reappointing Deloitte Haskins & Sells as auditors of the company until the conclusion of its next annual general meeting and authorising the directors to fix their remuneration.
4. Passing the following resolution to be proposed as an ordinary resolution, special notice having been given pursuant to sections 142 and 185(5) of the Companies Act 1948:
   THAT Mrs. H. Gestetner, O.B.E., a director retiring by rotation, who has attained the age of 70 years be and is hereby re-elected a director of the Company.
5. Re-electing to the board Mr. A. E. Singer who was appointed a director during the year, retires in accordance with the articles of association and offers himself for re-election.

Holders of share warrants to bearer who wish to attend or be represented at the meeting should deposit with the company's registrars, Barclays Bank Limited, Registration Department, Radbroke Hall, Knutsford, Cheshire, WA16 9EU, not later than forty-eight hours before the meeting, the certificate of an Authorised Depositary that such warrants are held to the order of the registrars.

A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote for him. A proxy need not be a member of the company. To be effective, such proxies must be received by the registrars not less than forty-eight hours before the time fixed for the meeting.

Directors' contracts are available for inspection at the registered office until after the meeting.

By order of the board
J. A. BARNETT
Secretary

41 Fawley Road,
London, N17 9LT.
15th February, 1980.

NOTICE OF REDEMPTION
To the Holders of

ENTE NAZIONALE IDROCARBURI
E.N.I.
(National Hydrocarbons Authority)
7% Sinking Fund Debentures due October 1, 1981

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Sinking Fund for the Debentures of the above-described issue, Morgan Guaranty Trust Company of New York, as Fiscal Agent, has selected by lot for redemption on April 1, 1980, at the principal amount thereof $1,666,000 principal amount of said Debentures, as follows:

Outstanding Debentures of U.S. $1,000 Each of Prefix "M" Bearing Serial Numbers Ending in the Following Two Digits:

04 06 11 19 44 46 47 52 53 57 59 60 71 72 85 95 97

Also Outstanding Debentures of $1,000 Each of Prefix "M" Bearing the Following Serial Numbers:

429	1429	5329	6429	9029	11329	13829	16529	29829	34329	38329	40529	42029	44529	45329	49629
629	1829	5429	6529	9229	11429	13929	16329	30529	34929	38529	40829	42429	44529	47629	
729	2529	5529	7729	9629	12229	15529	17029	30829	35129	38629	41129	42929	45529	47129	
829	3229	5629	7929	10629	12329	15629	17329	32529	36529	38929	41229	43529	46029	47329	
929	3629	5729	8029	10729	13029	15729	17429	32729	37129	39229	41529	43629	46129	48529	
1228	4029	6229	8529	10829	13329	16029	27629	33329	37329	39729	41629	43829	46429	48929	
1329	4129	6329	8829	11229	13729	16229	28429	34229	37529	39929	41929	44329	47429	49429	

On April 1, 1980, there will become and be due and payable upon each Debenture the principal amount thereof, in such coin or currency of the United States of America as on said date is legal tender for the payment therein of public and private debts, at the option of the holder, either (a) at the corporate trust office of **Morgan Guaranty Trust Company of New York, 13th Floor, 30 West Broadway, New York, N.Y. 10015**, or (b) subject to any laws and regulations applicable thereto with respect to the payment, currency of payment or otherwise in the country of any of the following offices, at the principal office of Banca Nazionale del Lavoro in Rome or the principal office of Banca Commerciale Italiana in Milan or the main offices of Morgan Guaranty Trust Company of New York in London, Brussels, Paris or Frankfurt or the main office of Algemene Bank Nederland N.V. in Amsterdam or the main office of Kredietbank S.A. Luxembourgeoise in Luxembourg-Ville.

Debentures surrendered for redemption should have attached all unmatured coupons appurtenant thereto. Coupons due April 1, 1980, should be detached and collected in the usual manner.

From and after April 1, 1980, interest shall cease to accrue on the Debentures herein designated for redemption.

ENTE NAZIONALE IDROCARBURI
By: MORGAN GUARANTY TRUST COMPANY OF NEW YORK, *Fiscal Agent*

February 26, 1980

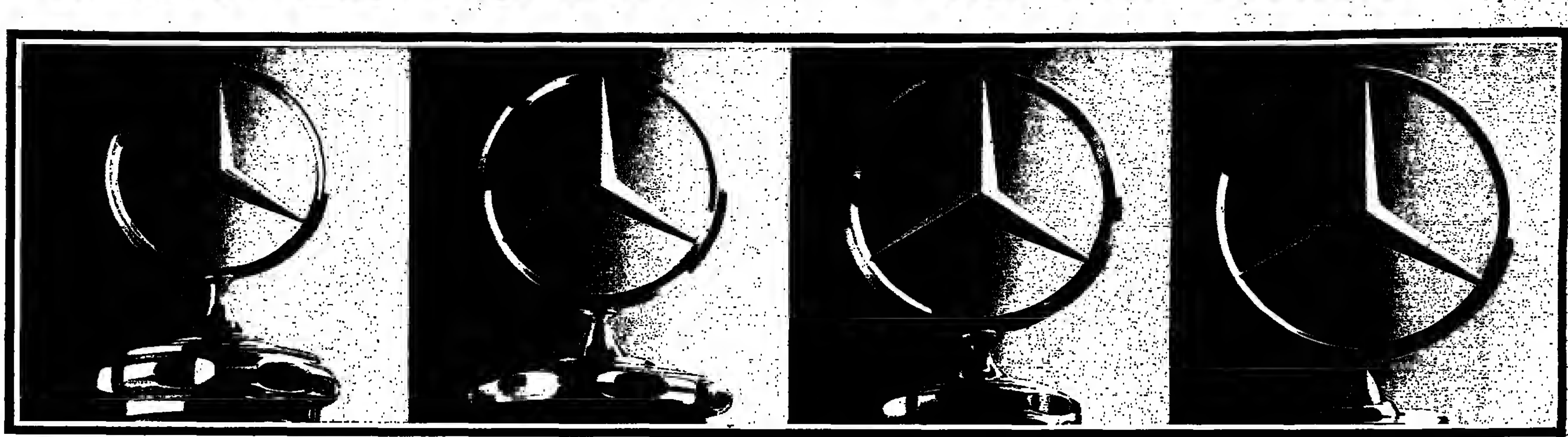
NOTICE

The following Debentures previously called for redemption have not as yet been presented for payment:

DEBENTURES OF U.S. $1,000 EACH

M 8627	14112	14115	14117	14119	31458	33040	33868	49515	49546	49558	49817
11243	14114	14116	14118	29737	33037	33323	36774	49540	49550	49587	49640

OVER THE YEARS, MERCEDES-BENZ HAVE MADE SOME CHANGES TO THEIR ORIGINAL DESIGN.



1926 1951 1968 1980

Car design may have undergone some changes over the years, but the star on a Mercedes-Benz has never followed short-lived fashions.

Ever since 1926, the star has represented the ambitions of the two men who invented the car.

Gottlieb Daimler and Karl Benz who forty years before had, unknown to each other, both proved that high-speed petrol engines were capable of powering road vehicles.

The name Mercedes belonged to the daughter of the then Austro-Hungarian consul-general who entered his 23 h.p. Daimler in a race which he easily won.

Many more racing successes followed and the name Mercedes very soon became established as the name for all Daimler cars.

Scarcely a decade had passed since the invention of the motorised vehicle before Daimler and Benz wished to regularly test and compare their new vehicles in racing competitions and rallies.

Racing competitions tested the vehicles' speed and overall performance, rallies tested construction and endurance over long distances.

Their aim was to test the basic features of design in order to build a car that was suitable for every road condition and every traffic situation.

To design a car that would be equally at home in the northern hemisphere or at the equator, on made-up or unmade roads.

Since 1926, when the firms of Daimler and Benz joined together, their aims have gradually been fulfilled.

Over the last fifty-four years Mercedes-Benz have been developing increased engine performance, easier handling, practical comfort and greater safety for the driver and passengers in the event of an accident.

In 1951, for example, Mercedes-Benz were the first to design the safety cell, a rigid compartment with collapsible crumple zones at the front and rear of the car.

The combination of passive safety with active safety is, in itself, a symbol of Mercedes-Benz.

Passive safety helps to avoid injuries in the event of an accident, and active safety gives the driver all possible help to avoid just that sort of situation in the first place.

In 1968, for example, we saw the development by Mercedes-Benz of the semi-trailing swing rear axle.

It was a simple system to ensure maximum road-holding, especially when you are braking and cornering, while maintaining all the benefits of independent suspension.

It was yet another example of Mercedes-Benz continuing to research and develop, and to refine the concept of the motorised vehicle.

Yet another attempt to reach technical perfection, as is every improvement made by Mercedes-Benz.

And that's exactly what the star represents on every Mercedes-Benz you see on the roads in the 1980's.

Mercedes-Benz

CURRENCIES, MONEY and GOLD

£ & $ firm

STERLING AND the U.S. dollar both remained firm in currency markets yesterday, mainly on the attraction of high interest rates. While trading was relatively quiet, the dollar scored against major European currencies, notably the Swiss franc and the the D-mark. The dollar's rise was probably contained after intervention by the Bundesbank, and Euro-dollar rates were generally down on Friday's levels. Against the D-mark, the U.S. unit rose to DM 1.7615 compared with DM 1.7585 on Friday, and to SwFr 1.6690 from SwFr 1.6615 in terms of the Swiss franc. The dollar was at its highest level against the D-mark yesterday since late November last year. On Bank of England figures, its trade weighted index rose from 86.1 to 86.2.

The pound held up quite well against the dollar, and other currencies and this was reflected in its trade weighted index, which rose from an opening calculation of 72.7 to 72.8 at noon, and 72.9 at the close, compared with Friday's close of 72.8. Against the dollar it opened at $2.2700 and touched a high point very briefly just after midday of $2.2815. However the rate soon fell below $2.2800, suggesting that the Bank of England may have done a little smoothing in the market. Sterling closed at $2.2765-2.2775, a rise of just 10 points from Friday.

D-MARK—Very strong, but remaining steady with the European Monetary System. The dollar was fixed over the DM 1.76 level for the first time yesterday since November last year at DM 1.7617, compared with DM 1.7558 on Friday. The attraction of high interest rates appeared to stimulate most of the demand, and speculation that the Bundesbank may increase the discount rate on Thursday from its present level of 6 per cent seemed to have little effect. Against other EMS currencies, the D-mark was slightly weaker overall, with the Belgian franc up at DM 6.159 per BFr 100 from DM 6.154, and the Danish krone higher at DM 32.11 per DKr 100 compared with DM 32.06 at Friday's fixing. Elsewhere the Swiss franc eased to DM 1.0583 from DM 1.0620 while sterling was slightly firmer at DM 4.0060 against DM 4.0030.

FRENCH FRANC — Weaker recently on inflation fears, having been top of the EMS up until last week. The franc was generally weaker at yesterday's fixing, despite higher domestic interest rates. The market seems unsettled at the moment as operators await clarification of the authorities' recent credit tightening moves. The D-mark rose to FFr 2.3458 from FFr 2.3455 and the Belgian franc was higher at FFr 14.4425.

DANISH KRONE — Basically weak, suffering two devaluations since EMS began last March—The krone continued to show a firmer tendency against its EMS partners, buoyed by high interest rates and by expectations of an early devaluation receding somewhat. On the other hand Denmark's current account balance of payments deficit for 1979 was DKr 15.61bn, nearly double the 1978 figure of DKr 8.23bn.

At yesterday's fixing the D-mark and the French franc were both weaker at DKr 3.1145 and DKr 1.3285 respectively, compared with DKr 3.1216 and DKr 1.3322 on Friday.

JAPANESE YEN — Energy problems reflected in sharp decline last year, but steadier until recent weeks when downward pressure has been renewed —The yen continued to lose ground in the face of a fast improving U.S. dollar, and despite intervention by the Bank of Japan. The dollar opened at Y247.50 and remained firm throughout the day to close at Y248.00, well up from Friday's figure of Y246.35.

THE POUND SPOT AND FORWARD

Feb. 25	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.2700-2.2815	2.2765-2.2775	0.37-0.27c pm	1.69	1.02-0.92 pm	1.70
Canada	2.6150-2.6310	2.6195-2.6205	0.95-0.85c pm	4.11	2.83-2.73 pm	4.24
Nethlnd.	4.38½-4.44	4.41½-4.42½	2⅞-1⅞c pm	5.09	6¾-5¾ pm	5.54
Belgium	64.90-65.35	65.05-65.15	20-10c pm	2.76	57-47 pm	3.18
Denmark	12.43-12.53	12.47½-12.48½	2-4ore dis	−2.88	7½-9½ dis	−2.72
Ireland	1.0765-1.0840	1.0815-1.0825	0.02p pm-0.08dis	−0.33	0.04-0.14dis	−0.33
W. Ger.	3.99-4.03	4.00¾-4.01¾	3⅛-2⅛pf pm	8.60	8⅝-8⅛ pm	8.72
Portugal	107.80-109.20	108.75-108.95	20-70c dis	−4.96	30-130 dis	−2.94
Spain	151.75-152.90	152.40-152.50	15-65c dis	−3.15	45-145 dis	−2.49
Italy	1,843-1,860	1,854½-1,855½	1½lire pm-½lire dis	0.65	3-5 dis	−0.86
Norway	11.11-11.21	11.17¼-11.18¼	5¾-3¾ore pm	4.56	15¾-13¾ pm	5.10
France	9.37-9.43	9.40½-9.41½	3¾-2¾c pm	4.14	10¾-9¾ pm	4.14
Sweden	9.51-9.58	9.55-9.56	2¾-¼ore pm	2.20	6¾-4¾ pm	2.20
Japan	562-568	565-566	3.75-3.45y pm	7.64	11.15-10.85pm	7.78
Austria	28.60-28.85	28.70-28.75	25-15gro pm	8.36	67-57 pm	8.63
Switz.	3.77-3.81½	3.79½-3.80½	4½-3½c pm	13.02	12-11 pm	12.10

Belgian rate is for convertible francs. Financial franc 67.00-67.10. Six-month forward dollar 1.75-1.65c pm. 12-month 2.65-2.55c pm.

THE DOLLAR SPOT AND FORWARD

Feb. 25	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.2700-2.2815	2.2765-2.2775	0.37-0.27c pm	1.69	1.02-0.92 pm	1.70
Ireland†	2.1020-2.1070	2.1038-2.1048	0.35-0.25c pm	1.71	1.15-1.05 pm	2.09
Canada	1.1509-1.1525	1.1508-1.1512	0.25-0.15c pm	2.08	0.80-0.70 pm	2.60
Nethlnd.	1.9378-1.9430	1.9415-1.9425	0.70-0.60c pm	4.02	1.98-1.88 pm	3.97
Belgium	28.58-28.62	28.58-28.60	4-2½c pm	1.36	13-11 pm	1.68
Denmark	5.4810-5.4890	5.4875-5.4890	1.50-2.00ore dis	−3.83	5.40-5.90dis	−4.12
W. Ger.	1.7585-1.7640	1.7610-1.7620	1.05-0.96pf pm	6.88	3.20-3.10 pm	7.15
Portugal	47.80-48.00	47.90-48.00	8-18c dis	−3.25	25-55 dis	−3.34
Spain	66.93-67.01	66.96-67.01	10-25c dis	−2.13	50-70 dis	−3.58
Italy	814.00-815.50	815.20-815.50	½-1lire dis	−1.10	4½-5¼ dis	−2.39
Norway	4.9065-4.9110	4.9080-4.9090	1.85-1.35ore pm	3.91	4.95-4.45 pm	3.83
France	4.1310-4.1330	4.1310-4.1325	0.90-0.80c pm	2.47	2.50-2.35 pm	2.35
Sweden	4.1925-4.1960	4.1950-4.1960	0.70-0.50ore pm	1.72	1.35-1.15 pm	1.19
Japan	247.80-248.65	248.25-248.35	1.40-1.25y pm	6.40	3.90-3.75 pm	6.16
Austria	12.602-12.622	12.617-12.622	7.00-6.40gro pm	6.37	23.50-21.50pm	7.13
Switz.	1.6570-1.6740	1.6685-1.6695	1.66-1.56c pm	11.65	4.39-4.31 pm	10.42

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY RATES

Feb. 25	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	17	0.674229	0.623735
U.S. $	15	1.50876	1.42149
Canadian $	14	1.61042	1.63278
Austria Sch.	5¼	16.4611	17.8397
Belgian F.	10½	57.6676	40.6048
Danish K.	15	7.17094	7.75764
D'Mark	6	2.29965	8.48869
Guilder	8½	8.66046	2.76215
French Fr.	8½	6.59490	5.87218
Lira	15	1066.82	1154.68
Yen	7¼	528.594	650.689
Norwgn. Kr.	9	8.41589	6.96656
Spanish Pts.	8	87.6780	85.1688
Swedish Kr.	10	5.47178	5.94994
Swiss Fr.	8	9.16468	2.55968

CURRENCY MOVEMENTS

Feb. 25	Bank of England Index	Morgan Guaranty changes %
Sterling	72.9	−35.4
U.S. dollar	86.2	− 7.5
Canadian dollar	82.5	−15.7
Austrian schilling	167.7	+24.5
Belgian franc	116.2	+15.5
Danish kroner	108.5	− 3.1
Deutsche mark	157.5	+46.9
Swiss franc	186.6	+76.5
Guilder	126.0	−20.1
French franc	101.7	− 6.0
Lira	56.2	−49.5
Yen	114.0	+15.1

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

Feb. 25	£	$		£ Note Rates
Argentina Peso	3840-3860	1685-1696	Austria	28.60-28.85
Australia Dollar	2.0678-2.0715	0.9085-0.9090	Belgium	66.75-67.25
Brazil Cruzeiro	102.55-103.55	44.95-45.40	Denmark	12.42-12.49
Finland Markka	8.50-8.62	3.7560-3.7580	France	9.35-9.41
Greek Drachma	88.268-90.146	38.75-38.80	Germany	4.00½-4.05¼
Hong Kong Dollar	11.37-11.40½	4.9700-4.9730	Italy	1860-1845
Iran Rial	n/a	n/p	Japan	564-569
Kuwait Dinar (KD)	0.617-0.627	0.2737-0.2738	Netherlands	4.41-4.43½
Luxembourg Frc.	65.05-65.15	28.58-28.60	Norway	11.11-11.18
Malaysia Dollar	4.9680-4.9780	2.1835-2.1845	Portugal	104¼-110½
New Zealand Dlr.	2.3345-2.3385	1.0255-1.0265	Spain	148½-157
Saudi Arab. Riyal	7.58-7.69	3.3610-3.3630	Sweden	9.51-9.66
Singapore Dollar	4.9180-4.9980	2.1610-2.1620	Switzerland	3.79-3.81
Sth. African Rand	1.8410-1.8450	0.8085-0.8095	United States	2.27-2.278
U.A.E. Dirham	8.46-8.55	3.7410-3.7440	Yugoslavia	51¼-52¼

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU February 25	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	40.5948	+2.02	+1.50	±1.53
Danish Krone	7.72336	7.78682	+0.82	+0.30	±1.64
German D-Mark	2.48208	2.49970	+0.71	+0.19	±1.125
French Franc	5.84700	5.86424	+0.29	−0.23	±1.3557
Dutch Guilder	2.74362	2.75306	+0.34	−0.18	±1.512
Irish Punt	0.668201	0.674298	+0.91	+0.39	±1.668
Italian Lira	1157.79	1156.81	−0.08	−0.09	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Feb. 25	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.277	4.015	565.5	9.410	3.803	4.420	1855.	2.620	65.10
U.S. Dollar	0.439	1.	1.762	248.4	4.155	1.670	1.941	814.7	1.151	28.58
Deutschemark	0.249	0.567	1.	140.8	2.345	0.948	1.102	462.5	0.656	16.22
Japanese Yen 1,000	1.768	4.027	7.095	1000.	16.64	6.724	7.816	3280.	4.653	115.1
French Franc 10	1.063	2.420	4.264	601.0	10.	4.041	4.697	1971.	2.784	69.18
Swiss Franc	0.263	0.599	1.055	148.7	2.476	1.	1.162	487.8	0.689	17.12
Dutch Guilder	0.226	0.515	0.908	127.9	2.129	0.860	1.	419.7	0.593	14.73
Italian Lira, 1,000	0.538	1.227	2.163	304.9	5.073	2.050	2.383	1000.	1.412	35.09
Canadian Dollar	0.382	0.869	1.531	215.8	3.592	1.451	1.687	708.0	1.	24.85
Belgian Franc 100	1.536	3.498	6.164	868.7	14.46	5.841	6.790	2849.	4.025	100.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one-month 16.75-16.85 per cent; three-months 16.05-16.15 per cent; six months 16.25-16.35 per cent; one year 16.00-16.10 per cent.

Feb. 25	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	16¾-17¼	14⅝-14⅝	9-10	11¼-11½	1½-3½	7-7⅛	12⅛-12⅜	13-15	—	7-8
7 days' notice	17⅝-17¾	14⅝-14⅞	9-10	11⅝-11⅞	2¾-3	7¾-7⅞	12½-12¾	14-15¾	15⅝-15¾	8¼-8⅝
Month	17⅝-18	15⅝-16⅞	12¾-16⅛	11¾-12	6½-3⅝	8½-8⅝	15-13¼	16½-17⅛	15-16⅛	8¼-9⅝
Three months	18⅝-18¾	16⅜-16⅝	13¾-14⅛	12¼-19½	5⅝-5¾	9⅛-8¼	15¾-14	19-19⅝	16⅝-16¾	10¹⁄₁₆-10¹⁄₁₆
Six months	18¼-18⅝	18½-16¾	14-14⅜	12⅜-12⅝	5½-5½	8⅞-8⅞	14¼-14½	20-80½	16⅝-16¾	10⅛-10⅛
One year	17¾-18⅛	16⅛-16⅜	14⅛-14½	18½-12¾	6⅛-6⅛	9⅜-9½	14¼-14½	20-21	16¼-16⅜	9⅞-10⅛

Long-term Eurodollar two years 15½-15¾ per cent; three years 15-15¼ per cent; four years 14¾-15 per cent; five years 14¾-14⅞ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

Paris rates strong

Bank of England Minimum Lending Rate 17 per cent (since November 15, 1979)

The Bank of France yesterday cancelled its scheduled auction of FFr 2.4bn of 12-month Treasury bills in the light of current trends in interest rates. Call money remained at a five-year peak of 12⅜ per cent even though funds were fairly easily obtained, and banks were able to meet their reserve requirement quotas. The general rise in interest rates worldwide has left the authorities with little room to manoeuvre in order to protect the franc in foreign exchange markets, and last week they increased the official money market intervention rate to 12⅜ per cent from 12 per cent. This in turn prompted commercial banks to increase their prime rates from 11¼ per cent to 12 per cent.

While short term funds were readily available yesterday, the Bank of France has clearly pointed the way to a tighter monetary policy. The authorities have also to consider the ill effects of January's large trade deficit and expectations of a disappointing retail price index for the same month.

The Bank of France also increased by 1 per cent the gross yield on one to five year Treasury bills. The new rates are 5½ per cent for one year, 7 per cent for two years, 8 per cent for three years, 9 per cent for four years, and 10½ per cent for five years. As a result of these increases, the authorities have suspended the issue, until further notice, of two-year Treasury bills.

In Frankfurt the Bundesbank stepped into the market issuing a four-day paper facility, in order to keep money tight and carrying a yield of around 8.26 per cent. Yesterday's move was taken as another indication of the authorities' desire to maintain a tight grip on the money market, with small intervention at regular intervals seemingly preferred if possible to any further rise in the discount rate. Yesterday call money rose to 8.30 per cent from 7.60 per cent on Friday.

GOLD

Late rise

Gold recovered most of the day's losses in late trading to finish at $625-630, unchanged from its opening level, and just $2 an ounce down on Friday's close. The metal was fixed at $625 during the morning but fell to $616.50 at the afternoon fixing. Reports that Mr. Paul Volcker, U.S. Federal Reserve Board chairman, had made clear his opposition to a freeze on wages or prices created renewed demand for gold in the U.S., and around noon, New York time, it was quoted around $645 an ounce.

In Paris the 12½-kilo bar was fixed at FFr 84,000 per kilo ($632.30 per ounce) compared with FFr 83,250 ($626.95) in the morning and FFr 84,500 ($638.07) on Friday afternoon.

In Frankfurt the 12½-kilo bar was fixed at DM 35,410 per kilo ($625.00 per ounce) against DM 36,385 ($644.97).

	February 22		February 22	
Gold Bullion (fine ounce)				
Close	$625-630	(£274½-276¾)	$627-632	(£276¼-277½)
Opening	$615-630	(£275.75-277¼)	$648-653	(£283¾-286)
Morning fixing	$625	(£274.589)	$643.50	(£281.555)
Afternoon fixing	$616.50	(£270.787)	$630	(£276.580)
Gold Coins				
Krugerrand	$638-643	(£280-283)	$630-635	(£277-280)
Mapleleaf	$638-648	(£280-285)	$630-640	(£277-282)
New Sovereigns	$160-163	(£70-72)	$160-163	(£70-72)
King Sovs	$170-175	(£74½-77½)	$171-176	(£75-77)
Victoria Sovs	$171-174	(£75-78)	$172-175	(£75½-77½)
French 20s	$150-155		$150-155	
50 pesos Mexico	$768-778		$780-790	
100 Cor. Austria	$620-630		$605-616	
$20 Eagles	$735-745		$735-745	
$10 Eagles	—		—	
$5 Eagles	—		—	

UK MONEY MARKET

Moderate help

Day-to-day credit remained in short supply in the London money market yesterday, and the authorities gave assistance on a moderate scale. This comprised small purchases of Treasury bills and a small number of corporation bills, all direct from the discount houses, and a small amount lent to two or three houses at MLR for repayment today. The market was faced with the repayment of Friday's moderate loans, and there was a small net take up of Treasury bills to finance. On the other hand banks brought forward balances a moderate way above target. Discount houses were paying up to 17 per cent for secured call loans at the start with later balances taken between 16 per cent and 16½ per cent.

In the interbank market overnight loans opened at 17½-17¾ per cent and rose to 17½-17¾ per cent before coming back to 17-17½ per cent at noon. Rates firmed during the afternoon to 17-17½ per cent but late balances were taken between 13 per cent and 15 per cent. The interest rate curve on period rates retained its highest point at three-months but significantly the one-year rate has now increased by 1½ points since the beginning of the year to stand at 16½-16⅝ per cent.

Rates in the table below are nominal in some cases.

MONEY RATES

NEW YORK

Prime Rate	16½-16¾
Fed. Funds	14
Treasury Bills (13-week)	12.35
Treasury Bills (26-week)	13.40

GERMANY

Discount Rate	6
Overnight Rate	8.30
One month	8.55
Three months	9.00
Six months	9.15

FRANCE

Discount Rate	9.5
Overnight Rate	12.375
One month	12.6875
Three months	13.1875
Six months	13.1875

JAPAN

Discount Rate	7.25
Call (Unconditional)	8.5
Bills Discount (three-month)	[illegible]

LONDON MONEY RATES

Feb. 25 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	12-17⅛	—	—	—	17-18	15-17	—	—	—
2 days notice	—	—	17⅜-17¾	—	—	—	—	—	—	—
7 days or...	—	—	—	—	—	17⅞-18	16½-17	—	—	—
7 days notice	—	17½-17⅝	17⅝-18	—	18¼	18⅛-18⅜	18¾	15⅞-15⅝	17¾	18
One month	17⅛-17¾	17¾-17⅞	17¾-17⅞	19-18¾	18¼	—	16⅝-16⅝	16-16⅛	17⅝	17⅛
Two months	17⅞-17¾	17⅞-18	—	18¾-18¼	18¼	18⅛-18⅜	18½	16½	17⅞	17⅝
Three months	17⅞-17¾	17⅞-18	17⅞-18	18¼-17¾	18¼	17⅛	—	—	16⅛-16¼	16¾
Six months	17¼-17⅛	17⅜-17⅛	16⅝-17⅛	17-16½	18	—	—	—	—	—
Nine months	16½-16⅞	16⅝-16¾	—	18⅞-16½	17¼	—	—	—	—	—
One Year	16¼-16⅛	16⅛-16⅝	16½-16⅞	18⅛-16	17	—	—	—	—	—
Two years	—	—	16-16⅝	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days fixed. *Long-term local authority mortgage rates nominally three years 15⅞-16 per cent; four years 15¾-15⅞ per cent; five years 15½-15¾ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 17¹⁄₁₆ per cent; four-month trade bills 17³⁄₁₆ per cent.

Approximate selling rates for one-month Treasury bills 15²⁷⁄₃₂-15⅞ per cent; two-months 15¹³⁄₁₆ per cent; three-months 16⁵⁄₁₆ per cent. Approximate selling rates for one-month bank bills 17⅝ per cent; two-months 17½ per cent; three-months 17⁵⁄₁₆ per cent; one-month trade bills 17⅞ per cent; two-months 17¾ per cent and three-months 17⅝ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 17 per cent from February 1, 1980. Clearing Bank Deposit Rates for sums at seven days notice 15 per cent. Clearing Bank Rates for lending 17 per cent. Treasury Bills Average tender rates of discount 16.0712 per cent.

WORLD VALUE OF THE POUND

The table below gives the latest available rates of exchange for the pound against various currencies on February 25, 1980. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Exchange in the UK and most of the countries listed is officially controlled and the rates shown should not be taken as being applicable to any particular transaction without reference to an authorised dealer.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling/dollar rates; (S) member of the sterling area other than Scheduled Territories; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rate; (cm) commercial rate; (cn) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (k) Scheduled Territory; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

Place	Local unit	Value of £ Sterling
Afghanistan	Afghani	98.00
Albania	Lek	10.08
Algeria	Dinar	8.7860
Andorra	French Franc	9.4100
	Spanish Peseta	152.45
Angola	Kwanza	68.686
Antigua (S)	E. Caribbean $	6.15
Argentina	Ar. Peso Free Rate	3,850
Australia (S)	Australian $	2.0695
Austria	Schilling	28.725
Azores	Portug. Escudo	108.85
Bahamas (S)	Ba. Dollar	2.2770
Bahrain (S)	Dinar	0.858
Balearic Isles	Spa. Peseta	152.45
Bangladesh (S)	Taka	34.58
Barbados (S)	Babados $††	4.5540
Belgium	B. Franc	(cm) 65.10
		(fn) 67.05
Belize	B $	4.5540
Benin	C.F.A. Franc	469.725
Bermuda (S)	Bda $	2.2770
Bhutan	Indian Rupee	18.19
Bolivia	Bolivian Peso	56.90
Botswana (S)	Pula	1.7880
Brazil	Cruzeiro	102.85
Brit. Virgin Isles (S)	U.S. $	2.2770
Brunei (S)	Brunei $	4.9250
Bulgaria	Lev	1.9170
Burma	Kyat	15.3110
Burundi	Burundi Franc	207.61
Cameroon Republic	C.F.A. Franc	469.785
Canada	Canadian $	2.6500
Canary Islands	Spanish Peseta	152.45
Cape Verde Isle	Cape V. Escudo	83.10
Cayman Islands (S)	Cay. Is. $	1.8975
Cent. Af. Repub.	C.F.A. Franc	469.725
Chad	C.F.A. Franc	469.725
Chile	C. Peso	(Sk) 88.82
China	Renminbi Yuan	3.4480
Colombia	C. Peso	(F) 101.75
Comoro Islands	C.F.A. Franc	469.725
Congo (Brazaville)	C.F.A. Franc	469.725
Costa Rica	Colon	18.60
Cuba	Cuban Peso	1.5894
Cyprus (S)	Cyprus £	0.788
Czechoslovakia	Koruna	(com) 11.85
		n/a 85.68
		(T) 17.85
Denmark	Danish Krone	12.48
Djibouti	Fr.	380.0 (sg)
Dominica (S)	E. Caribbean $	6.15
Dominican Repub	Dominican Peso	2.2770
Ecuador	Sucre	(O) 57.05
		(F) 62.86
Egypt	Egyptian £	(U) 1.62
Equatorial Guinea	Peseta	152.45
Ethiopia	Ethiopian Birr	(P) 4.6650
Falkland Islands (S)	Falkland Is. £	1.0
Faroe Islands	Danish Krone	12.48
Fiji Islands	Fiji $	1.8185
Finland	Markka	8.51
France	French Franc	9.4100
French C'tyIn Af*	C.F.A. Franc	469.725
French Guiana	Local Franc	9.4100
French Pacific Is.	C.F.P. Franc	166.90
Gabon	C.F.A. Franc	469.785
Gambia (S)	Dalasi	4.0
Germany (East)	Ostmark	4.0125
Germany (West)	Deutsche Mark	4.0126
Ghana (S)	Cedi	6.28
Gibraltar (K)	Gibraltar £	1.0
Greece	Drachma	89.502*
Greenland	Danish Kroner	12.48
Grenada (S)	E. Caribbean $	6.16
Guadaloupe	Local Franc	9.4100
Guam	U.S. $	2.2770
Guatemala	Quetzal	2.2770
Guinea Republic	Syli	42.80
Guinea Bissau	Peso	76.60
Guyana (S)	Guyanese $	5.8065
Haiti	Gourd	11.58
Honduras Repub.	Lempira	4.5700
Hong Kong (S)	H.K. $	11.3876
Hungary	Forint	(com) 76.71
		(T/nc) 46.05
Iceland (S)	I. Krona	915.0
India (S)	Ind. Rupee	18.19
Indonesia	Rupiah	1,422.5
Iran	Rial	n/a
Iraq	Iraq Dinar	0.66985
Irish Republic (K)	Irish £	1.0880
Israel	Shekel	8.04685
Italy	Lira	1,855.0
Ivory Coast	C.F.A. Franc	469.725
Jamaica (S)	Jamaica Dollar	4.0610
Japan	Yen	565.6
Jordan (S)	Jordan Dinar	0.667(sg)
Kampuchea	Riel	3,732.4
Kenya (S)	Kenya Shilling	16.725
Kiribati	Australian $	2.0695
Korea (Nth)	Won	1.879(ll)
Korea (Sth)	Won	1,514.86
Kuwait (S)	Kuwait Dina	0.622
Laos	Kip Pot Po	910.40
Lebanon	Lebanese £	7.5190
Lesotho	S. African Rand	1.8420
Liberia	Liberian $	2.2770
Libya	Libyan Dinar	0.6740
Liechtenstein	Swiss Franc	3.8025
Luxembourg	Lux Franc	65.10
Macao	Pataca	12.10
Madeira	Portug'se Escudo	108.85
Malagasy Republic	MG Franc	469.725
Malawi (S)	Kwacha	1.8300
Malaysia (S)	Ringgit	4.9730
Maldive Islands (S)	Mal Rupee	8.9445
Mali Republic	Mali Franc	941.0
Malta (S)	Maltese £	0.784
Martinique	Local Franc	9.41
Mauritania	Ouguiya	95.10
Mauritius (S)	M. Rupee	17.55
Mexico	Mexican Peso	59.00
Miquelon	C.F.A. Franc	469.726
Monaco	French Franc	9.41
Mongolia	Tugrik	(o) 6.2580(ll)
Montserrat	E. Caribbean $	6.15
Morocco	Dirham	8.45(sg)
Mozambique	Moz. Escudo	69.20
Nauru	Australian Dollar	2.0695
Nepal	Nepalese Rupee	27.50
Netherlands	Guilder	4.42
Netherland Antilles	Antillian Guilder	4.0760
New Hebrides	Franc	160.60
	Aust. Dollar	2.0695
New Zealand (S)	N. Z. Dollar	2.3570
Nicaragua	Cordoba	22.95
Niger Republic	C. F. A. Franc	469.725
Nigeria (S)	Naira	1.042580 (sg)
Norway	Norway Krone	11.1776
Oman Sul'ate of (S)	Rial Omani	0.786
Pakistan	Pakistan Rupee	22.45
Panama	Balboa	2.2770
Papua N. Guinea (S)	Kina	1.5830
Paraguay	Guarani	284.20
Peoples D. Repub. of Yemen (S)	S. Yemen Dinar	(A) 0.7775
Peru	Sol	exc(A) 576.0
Philippines	Philippine Peso	16.82
Pitcairn Islands (S)	£ Sterling	—
	New Zealand $	2.3570
Poland	Zloty	(Cm) 66.00
		(T) 66.00
Portugal	Portugu'se Escudo	108.85
Port Timor	Timor Escudo	108.85
Puerto Rico	U.S. $	2.2770
Qatar (S)	Qatar Ryal	8.58
Reunion Ile de la	French Franc	9.4100
Rhodesia	Rhodesian $	1.525p
Romania	Leu	(Cm) 10.03
		(o/c) T26.96
Rwanda	Rwanda Franc	210.60
St. Christopher (S)	E. Caribbean $	6.15
St. Helena	St. Helena £	1.0
St. Lucia	E. Caribbean $	6.15
St. Pierre	C.F.A. Franc	469.785
St. Vincent (S)	E. Caribbean $	6.15
Salvador El	Colon	5.70
Samoa American	U.S. $	2.2770
San Marino	Italian Lira	1,855.0
Sao To'a & Principe	Dobra	72.88
Saudi Arabia	Ryal	7.64
Senegal	C.F.A. Franc	469.725
Seychelles	S. Rupee	14.50
Sierra Leone (S)	Leone	2.5722
Singapore (S)	Singapore $	4.8250
Solomon Islands (S)	Solomon Is. $	1.9655
Somali Republic	Somali Shilling	(A) 15.70
South Africa (S)	Rand	1.8420
South West African Territories (S)	S. A. Rand	1.8420
Spain	Peseta	152.45
Spanish ports in North Africa	Peseta	152.45
Sri Lanka (S)	S. L. Rupee	34.90
Sudan Republic	Sudan £ ✝	n/a
Surinam	S. Guilder	4.0760
Swaziland (S)	Lilangeni	1.8420
Sweden	S. Krona	9.555
Switzerland	Swiss Franc	3.8025
Syria	Syria £	(A) 8.9660
Taiwan	New Taiwan	(P) 82.00
Tanzania (S)	Tan. Shilling	18.55
Thailand	Baht	46.30
Togo Republic	C.F.A. Franc	469.725
Tonga Islands (S)	Pa'anga	2.0695
Trinidad (S)	Trinidad & Tob. $	5.4650
Tunisia	Tunisian Dinar	0.895 (SC)
Turkey	Turkish Lira	160.02
Turks & Caicos	U.S. $	2.2770
Tuvalu	Australian $	2.0695
Uganda (S)	Uganda Shilling	16.75
United States	U.S. Dollar	2.2770
Uruguay	Uruguay Peso	(cm) 19.49
		(fn) 19.46
Utd. Arab Emirates	U.A.E. Dirham	8.50
U.S.S.R.	Rouble	1.4490
Upper Volta	C.F.A. Franc	469.785
Vatican	Italian Lire	1,855.0
Venezuela	Bolivar	9.77
Vietnam	Dong	(D) 4.8620
		(T) 4.60
Virgin Islands U.S.	U.S. Dollar	2.2770
Western Samoa (S)	Samoan Tala	2.0740
Yemen	Ryal	10.29 (SG)
Yugoslavia	New Y Dinar	45.5955
Zaire Republic	Zaire	n/a
Zambia	Kwacha	1.78

*That part of the French community in Africa formerly French West Africa or French Equatorial Africa. †Rupees per pound. ‡General rates of oil and iron exports 95.65. **Rate is the transfer market (controlled). ††Rate is now based on 2 Barbados $ to the dollar. ‡‡New one official rate. (U) Unified rate. Applicable on all transactions except countries having a bilateral agreement with Egypt and who are not members of IMF. ||| Based on gross rates against Russian rouble. ◊ Incentive rate.

APPOINTMENTS

A. Frankel joins Board of Molins

Dr. A. Frankel, chairman of Staveley Industries, has been appointed a non-executive director of MOLINS.

★

Mr. Terry Harrison, a director of Northern Engineering Industries, and Mr. David Kelly, chairman and managing director of R. C. Kelly (Packaging) have been appointed to the Northern Region Board of the NATIONAL ENTERPRISE BOARD.

★

Mr. J. R. Spear has resigned as chairman and from the Board of J. W. SPEAR AND SONS after 65 years with the company. He continues as consultant.

★

Mr. W. G. Muter, a director of Imperial Foods, Lowfield Distribution and Imperial Tobacco has been appointed a non-executive director of WGI.

★

Mr. Simon Dixon has been appointed a director of CHARLES BARKER CITY from March 1.

★

Jefferson Smurfit Group has appointed Mr. C. B. Hurley as chief executive of SMURFIT-SCA B.V., the holding company which controls its UK and Irish corrugated operations. Smurfit-SCA B.V. is 51 per cent owned by Smurfit and 49 per cent by Svenska Cellulosa of Sweden. Mr. Hurley continues as managing director of Smurfit's corrugated division (Ireland) and in addition becomes chairman of Alliance Smurfit Cases in the UK.

★

Mr. D. A. G. Sarre, a director of BP Trading, has been appointed a non-executive director of the BOOTS COMPANY.

★

Mr. David H. Benson, a director of the main Board of Kleinwort Benson, has been appointed a non-executive director of CAMPBELL'S SOUPS.

★

Mr. D. A. Hancock has been appointed joint group managing director of WADKIN in place of Mr. M. H. Goddard. Mr. Hancock has also joined the divisional Boards of the woodworking division, Bursgreen Durham and Bursgreen Colne.

★

Mr. B. G. Sephton has been appointed traction director of BRUSH ELECTRICAL MACHINES to succeed Mr. G. S. W. Calder, who will be appointed to another post within the Hawker Siddeley Group. Mr. Sephton has been traction and rolling stock engineer with the British Rail Board since 1977 and was also deputy to the chief mechanical and electrical engineer.

★

The Marquess of Douro has resigned as deputy chairman and from the Board of the ANTOFAGASTA (CHILI) AND BOLIVIA RAILWAY COMPANY.

★

Mr. J. Michael Griffiths has acquired a share participation in HELCAR REINSURANCE BROKERS in Panama and has become managing director. Dora K. Frogge has been made general manager. Mr. Griffiths was previously with J. H. Minet of London.

★

Mr. I. R. Carmichael, at present staff manager of the SCOTTISH AMICABLE LIFE ASSURANCE SOCIETY, is to become assistant general manager (administration) and secretary following the retirement of Mr. H. S. Worland on November 6.

★

Mr. Paul Jacobs, at present technical director of Iglo-Ola B.V., the Unilever frozen food subsidiary of Holland, is to become technical director of BIRDS EYE FOODS from May 1. He will succeed Mr. J. Sheldon who retires at the end of April.

★

Mr. David Hunt has been appointed managing director of LADA CARS (GB) and joins the company from Bristol Street Motors (Derby).

★

Mr. Kenneth F. Einfeld has been elected chairman of the ASSOCIATION OF CONSORTIUM BANKS in succession to Mr. Dudley W. C. Allen of Nordic Bank. Mr. Thomas F. Gaffney has been elected deputy chairman. Mr. Einfeld is managing director of International Commercial Bank and Mr. Gaffney managing director of Libra Bank.

★

Mr. Geoffrey Galliver has been appointed managing director of newly-formed LTX (EUROPE), part of the LTX Corporation of Massachusetts.

EUROPEAN OPTIONS EXCHANGE

Series		April Vol.	April Last	July Vol.	July Last	Oct. Vol.	Oct. Last	Stock
ABN C	F.300	10	2	—	—	5	8	F.284
ABN C	F.310	5	1	1	5	—	—	"
ABN C	F.320	5	0.30	—	—	—	—	"
AKZ C	F.25	49	1.50	6	2.10	—	—	F.25.30
AKZ C	F.27.50	6	0.70	15	0.80	1	1.80	"
AKZ P	F.25	63	0.50	—	—	—	—	"
AKZ P	F.27.50	20	2	15	6	2	5	"
HEI C	F.65	—	—	4	6.80	—	—	F.66
HEI C	F.75	—	—	—	—	1	2.50	"
HEI P	F.65	10	2.50	—	—	—	—	"
HEI P	F.75	—	—	—	—	8	8.80	"
HO C	F.22.50	1	0.60	—	—	10	9.10	F.21.30
IBM C	$65	20	4⅝	—	—	—	—	$65½
IBM C	$70	8	1¾	20	4¼	—	—	"
KLM C	F.70	65	5.90	1	6.50	5	8	F.68.50
KLM C	F.80	64	1	1	6	—	—	"
KLM C	F.90	36	0.20	—	—	—	—	"
KLM C	F.100	45	0.10	—	—	—	—	"
KLM P	F.60	23	1.40	92	3	—	—	"
KLM P	F.70	22	4.80	11	6.50	—	—	"
KLM P	F.80	11	11.20	78	12.90	—	—	"
PET C	Fr.6000	10	200	4	560	—	—	Fr.5980
PHI C	F.20	1	0.70	160	1.30	11	1.70	F.19.60
PHI C	F.22.50	100	0.20	19	0.50	33	0.80	"
PHI P	F.20	—	—	—	—	10	1.40	"
PHI P	F.22.50	6	2.80	—	—	—	—	"
PRD C	$25	8	¾	—	—	—	—	$22⅞
RO C	F.140	20	28	4	29.50	—	—	F.168.90
RO C	F.150	66	20	26	20.90	—	—	"
RO C	F.160	181	13.20	16	14.40	—	—	"
RO C	F.170	344	7.30	317	8.80	11	10.30	"
RO P	F.140	—	—	—	—	10	2	"
RO P	F.150	9	0.80	5	2.80	1	5	"
RO P	F.160	48	3.10	25	6.50	—	—	"
RO P	F.170	6	7.10	29	10.40	—	—	"
UNI C	F.115	9	4.50	5	6.50	—	—	F.114.70
UNI C	F.120	9	2.30	—	—	1	6	"
UNI C	F.125	35	0.70	—	—	—	—	"
XON C	$70	8	9	—	—	—	—	$66⅞
		May		Aug.		Nov.		
BA C	$60	6	7⅜	—	—	—	—	$62½
MMW C	DM.140	6	4	—	—	—	—	DM137.50
SLB C	$120	3	7⅝	—	—	—	—	$118½

TOTAL VOLUME IN CONTRACTS 1925

C=Call P=Put

BASE LENDING RATES

A.B.N. Bank	17 %
Allied Irish Bank	17 %
Amro Bank	17 %
American Express Bk.	17 %
Henry Ansbacher	17 %
A P Bank Ltd.	17 %
■ Arbuthnot Latham	17 %
Associates Cap. Corp.	17 %
Banco de Bilbao	17 %
Bank of Credit & Cmce.	17 %
Bank of Cyprus	17 %
Bank of N.S.W.	17 %
Banque Belge Ltd.	17 %
Banque du Rhone et de la Tamise S.A.	17½ %
Barclays Bank	17 %
Bremar Holdings Ltd.	18 %
Brit. Bank of Mid. East	17 %
■ Brown Shipley	17 %
Canada Perm't Trust	18 %
Cayzer Ltd.	17 %
Cedar Holdings	17 %
■ Charterhouse Japhet	17 %
Choulartons	17 %
C. E. Coates	17 %
Consolidated Credits	17 %
Co-operative Bank	*17 %
Corinthian Secs.	17 %
The Cyprus Popular Bk.	17 %
Duncan Lawrie	17 %
Eagil Trust	17 %
E. T. Trust Limited	17 %
First Nat. Fin. Corp.	18½ %
First Nat. Secs. Ltd.	18 %
Robert Fraser	18 %
Antony Gibbs	17 %
Greyhound Guaranty	17 %
Grindlays Bank	‡17 %
■ Guinness Mahon	17 %
■ Hambros Bank	17 %
■ Hill Samuel	§17 %
C. Hoare & Co.	†17 %
Hongkong & Shanghai	17 %
Industrial Bk. of Scot.	17½ %
Keyser Ullmann	17 %
Knowsley & Co. Ltd.	18½ %
Langris Trust Ltd.	17 %
Lloyds Bank	17 %
Edward Manson & Co.	18 %
Midland Bank	17 %
■ Samuel Montagu	17 %
■ Morgan Grenfell	17 %
National Westminster	17 %
Norwich General Trust	17 %
P. S. Refson & Co.	17 %
Rossminster	17 %
Ryl. Bk. Canada (Ldn.)	17 %
Schlesinger Limited	17 %
E. S. Schwab	17 %
Security Trust Co. Ltd.	18 %
Standard Chartered	17 %
Trade Dev. Bank	17 %
Trustee Savings Bank	17 %
Twentieth Century Bk.	17 %
United Bank of Kuwait	17 %
Whiteaway Laidlaw	17½ %
Williams & Glyn's	17 %
Wintrust Secs. Ltd.	17 %
Yorkshire Bank	17 %

■ Members of the Accepting Houses Committee.

* 7-day deposits 15%. 1-month deposits 15¼%.

† 7-day deposits on sums of £10,000 and under 15%, up to £25,000 15¼% and over £25,000 15½%.

‡ Call deposits over £1,000 15%.

§ Demand deposits 15%.

NEW YORK

Dow 7 lower at mid-session

AS INTEREST RATE and inflation worries further undermined sentiment, Wall Street resumed its slide yesterday morning in active although reduced trading.

The Dow Jones Industrial Average, after losing 16 points last week, was 7.51 lower at 861.26 at 1 p.m. The NYSE All Common Index fell 71 cents to $65.09, while declines outnumbered rises by a wide margin of about four-to-one. Turnover came to 26.26m shares, well down on last Friday's 33.61m.

The market has been losing ground steadily for over a week after a strong advance through January and early February.

News of rapidly escalating inflation and record high interest rates continued to unsettle investors, analysts said. However, Federal Reserve chairman Volcker said news of a 1.4 per cent jump in January consumer prices should have been expected given the substantial increase in oil prices. He reiterated that the Fed will work to reduce growth of the money supply.

The recently strong Oils were among the hardest hit. Active Mobil lost ¾ to $76½. The President's Wage and Price Council said Mobil has violated inflation guidelines.

Texaco shed ½ to $39¾, Exxon ¾ to $64¼, Amerada Hess 1¾ to $57½, Texas Oil and Gas 2¼ to $40⅝, Murphy Oil, which lost a tax appeal, 2¾ to $106 and Sedco $2 to $76.

Active American Telephone declined ½ to $47¾ ex-dividend and IBM ½ to $65½. IBM has lost its bid to have the judge in its Federal anti-trust case removed.

General Motors picked up ⅝ to $50½ on stating that its mid-February car sales were very good. Ford Motor added ⅛ at $31, but Chrysler and American Motors shed fractions.

Missouri Pacific eased ⅜ to $59⅞ and Union Pacific also ⅜ to $98⅞. They have signed a final merger agreement, subject to regulatory approvals.

THE American SE Market Value Index shed 1.01 to 295.58 at 1 pm on volume of 3.14m shares (4.00m).

Closing prices for North America were not available for this edition.

Canada

Most sectors were easier-inclined in active early dealings. The Toronto Composite Index receded 13.9 to 2,126.1 at mid-day, while Oil and Gas retreated 51.8 to 4,923.7, Metals and Minerals 13.5 to 2,234.6 and Golds 3.6 to 3,301.2. In Montreal, Utilities lost 1.57 to 265.93, but Banks edged up 0.49 to 322.56.

Oil and Gas stocks were lower but Texaco Canada rose C$2 to C$93 and Husky Oil C$2¼ to C$88.

Germany

Bourse prices displayed a bias to higher levels in lively trading, with buy recommendations in several stock market newsletters spurring some shares ahead, especially a few in the Metals and Energy groups. However, a number of gains were later pared by profit-taking.

Among Stores, Neckermann advanced DM 11.50 after posting a similar rise later last week. This baffled brokers, who said there was not any company news that would merit such a rise. One broker said he thought some large investors were speculating with the stock.

Preussag, the metal trading, chemical and energy group, added DM 6.10, precious metals smelter Degussa climbed DM 5.40 and Metallgesellschaft gained DM 6. Shares of the energy company Veba were very heavily traded and moved up DM 1.40. Brown Boveri, the electrical group, rose DM 10, but traders said the market is narrow and there were only a few buying orders.

Public Authority Bonds were mostly lower with losses extending to 70 pfennigs. The Regulating Authorities bought a nominal DM 42.6m of paper after buying DM 6.7m on Friday. Mark Foreign Loans also eased.

Tokyo

After a firm start, stocks mainly declined to leave falls outscoring gains at the close on the First Market section by 361 to 238 following a heavy turnover of 740m shares. This compares with last Friday's 500m share volume and Saturday's half-day session total of 430m.

The Nikkei-Dow Jones Average shed 36.71 to 6,751.29 and the Tokyo SE index 0.83 to 468.96.

Resources, Issues, Machine Manufacturers and export-orientated shares generally lost ground after a recent advance. Mitsui Coal fell Y19 to Y620, Sony Y40 to Y1,640, Nissan Motor Y6 to Y717 and Honda Motor Y19 to Y588.

Pharmaceuticals, Foods and Real Estates also receded, but Steels, Shipbuildings and Defence-related issues moved ahead on high volume. Kobe Steel rose Y9 to Y213, reflecting increased demand for titanium alloy, while Sumitomo Metal put on Y5 to Y167, Kawasaki Heavy Industries Y14 to Y200, Ishikawajima-Harima Heavy Industries Y13 to Y168 and Hitachi Shipbuilding Y12 to Y174.

Australia

Nervous selling following recent increases in overseas interest rates forced prices to retreat over a wide front despite some encouraging profit results.

The Sydney All Ordinaries index fell 29.91 to 867.69 and the Metals and Minerals index 307.81 to 5,751.40.

There were fears that metal prices would tumble on world commodity markets as holders tried to liquidate their costly-to-maintain stocks.

Leichardt Explorations, after last week's upsurge on speculation over its diamond exploration areas in South Africa and Namibia, lost A$2.50 to A$10.00.

Great Northern fell 70 cents to A$4.30, MIM 40 cents to A$5.20, Western Mining 20 cents to A$4.60, Utah Mining 30 cents to A$4.30, CRA 66 cents to A$5.80 and Comalco 24 cents to A$5.48.

Market leader BHP was down 85 cents at A$12.90, while CSR receded 50 cents to A$6.60.

Bundaberg Sugar, however, climbed 90 cents to A$9.70 on company expectations of substantially higher earnings this year in the wake of record world sugar prices.

Hong Kong

The recent reactionary trend turned into a full-scale retreat yesterday, prices falling sharply over a broad front in fairly active trading with nervous local selling predominating. The Hang Seng index, which closed at 963.17 on February 15, its highest point for nearly seven years, lost a further 27.35 yesterday to finish at 902.20.

Hong Kong Bank receded 90 cents to HK$22.30, Hong Kong Land 60 cents to HK$14.10, Hutchison Whampoa 35 cents to HK$9.05, Jardine Matheson 70 cents to HK$17.80, Hong Kong Wharf HK$1.50 to HK$64.50 and Swire Pacific "A" 40 cents to HK$9.25. An exception, however, was Hang Seng Bank, which gained HK$1 to HK$134 in response to better-than-expected results.

Johannesburg

Share prices in most sectors declined in moderate trading. Dealers ascribed the easier tone to investors' nervousness about political events in Southern Africa, particularly Rhodesia, where elections take place later this week.

Gold shares came under some selling pressure, and only one stock closed higher. Heavyweights, such as President Brand and Randfontein, lost around 100 cents apiece.

CANADA

BELGIUM (continued)

DENMARK

FRANCE

GERMANY

AUSTRIA

BELGIUM/LUXEMBOURG

HOLLAND

ITALY

NORWAY

SWEDEN

SWITZERLAND

AUSTRALIA

HONG KONG

JAPAN (continued)

SINGAPORE

SOUTH AFRICA

JAPAN

BRAZIL

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. ‡ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

Indices

NEW YORK—DOW JONES

	Feb. 22	Feb. 21	Feb. 20	Feb. 19	Feb. 15	Feb. 14	1979-80 High	1979-80 Low	Since Cmpil'n High	Since Cmpil'n Low
◆Industr'ls	868.77	868.52	886.86	876.02	894.98	895.77	903.84 (13/2/80)	796.67 (7/11)	1051.70 (11/73)	41.22 (2/7/32)
H'me B'nds	86.02	58.63	86.01	87.40	68.18	68.57	86.18 (10/8)	68.02 (22/2/80)	—	—
Transport.	289.09	289.16	290.08	284.08	287.20	288.86	305.80 (8/2/80)	205.78 (27/2)	305.86 (8/2/80)	12.23 (8/7/32)
Utilities	119.93	119.95	110.32	108.94	111.20	112.66	113.45 (15/2/80)	98.24 (24/10)	165.32 (20/4/69)	10.52 (28/4/42)
Trading Vol 000's	48,910	51,530	44,549	39,468	46,580	50,540	—	—	—	—

◆Day's high 877.47 low 853.80

Ind. div. yield %	Feb. 15	Feb. 9	Feb. 1	Year ago (approx)
	6.50	6.60	6.50	5.91

STANDARD AND POORS

	Feb. 22	Feb. 21	Feb. 20	Feb. 19	Feb. 15	Feb. 14	1979-80 High	1979-80 Low	Since Cmpil'n High	Since Cmpil'n Low
‡Indust'ls	130.94	131.08	132.44	133.38	130.34	132.41	134.47 (13/2/80)	107.08 (27/2)	134.64 (11/1/73)	3.52 (30/6/32)
§Composite	115.94	115.28	116.46	114.60	115.41	116.72	118.44 (13/2/80)	96.13 (27/2)	125.85 (11/1/73)	4.40 (1/6/32)

	Feb. 20	Feb. 13	Feb. 6	Year ago (approx)
Ind. div. yield %	4.89	4.21	4.22	5.07
Ind. P/E Ratio	8.32	8.45	8.22	8.01
Long Gov. Bond Yield	12.37	11.83	11.88	9.01

N.Y.S.E. ALL COMMON

Feb. 22	Feb. 21	Feb. 20	Feb. 19	1979-80 High	1979-80 Low
35.80	32.03	33.31	65.68	37.77 (13/2/80)	33.88 (27/3)

Rises and Falls	Feb. 22	Feb. 21	Feb. 20
Issues Traded	1,902	1,822	1,919
Rises	372	431	868
Falls	1,170	1,140	364
Unchanged	360	331	327
New Highs	—	37	47
New Lows	—	172	141

MONTREAL

	Feb. 22	Feb. 21	Feb. 20	Feb. 12	1979-80 High	1979-80 Low
Industrial	410.84	411.33	394.75	391.70	411.33 (21/2/80)	218.19 (2/1)
Combined	371.02	372.75	361.39	361.67	372.75 (21/2/80)	225.85 (2/1)
TORONTO Composite	2140.0	2144.5	2126.4	2086.4	2144.3 (21/2/80)	1515.8 (2/1)

	Feb. 25	Feb. 22	Feb. 21	Feb. 20	1979-80 High	1979-80 Low
AUSTRALIA Sydney All Ord. (1/1/80)	867.69	897.60	882.54	898.88	947.47 (14/2/80)	545.72 (2/1/79)
Metals & Minls. (1/1/80)	5751.49	6069.21	3990.91	6033.75	6680.65 (14/2/80)	2587.34 (2/1/79)
AUSTRIA Credit Aktien (2/1/62)	68.44	68.44	68.57	68.42	68.40 (7/1/80)	61.55 (2/6)
BELGIUM Belgian SE (31/12/63)	102.30	102.57	103.54	103.66	109.47 (5/10)	98.60 (6/1/79)
DENMARK Copenhagen SE (1/1/73)	79.60	80.06	80.33	80.57	87.46 (25/7)	78.68 (25/2/80)
FRANCE CAC General (29/12/61)	113.1	117.80	113.2	114.5	115.2 (14/2/80)	82.4 (16/2/79)
Ind Tendance (28/12/79)	109.8	108.20	109.5	108.8	109.7 (15/2/80)	98.6 (5/1/80)
GERMANY FAZ-Aktien (31/12/58)	259.98	258.47	256.56	258.19	266.99 (19/1/79)	216.11 (21/1/80)
Commerzbank (Dec. 1953)	748.2	746.80	748.7	741.5	839.68 (19/1/79)	688.5 (21/1/80)
HOLLAND ANP-CBS General (1970)	85.3	86.70	80.1	85.2	94.2 (24/1/79)	81.2 (21/1/80)
ANP-CBS Indust. (1970)	64.2	64.75	65.4	65.9	65.3 (24/1/79)	64.2 (25/2/80)
HONG KONG Hang Seng Bank (31/7/64)	902.20	929.55	945.44	948.99	963.17 (15/2/80)	493.95 (2/1/79)
ITALY Banca Comm. Ital (1972)	95.50	94.19	94.45	95.06	95.06 (20/2/80)	68.78 (2/1/79)
JAPAN Dow Average (16/5/49)	6751.29	6788.22	6778.51	6806.51	6858.38 (14/2/80)	5925.87 (18/4)
Tokyo New SE (4/1/68)	468.96	469.99	469.82	471.04	472.66 (14/2/80)	435.13 (13/7)
NORWAY Oslo SE (1/1/72)	139.17	139.22	140.77	142.58	144.70 (14/2/80)	74.49 (16/1/79)
SINGAPORE Straits Times (1966)	474.42	480.12	482.45	481.98	493.38 (19/2/80)	345.04 (23/2/79)
SOUTH AFRICA Gold (1958)	(u)	555.3	538.7	529.9	665.1 (11/2/80)	228.48 (17/4)
Industrial (1958)	(u)	504.1	500.5	501.8	517.2 (14/2/80)	270.50 (2/1/79)
SPAIN Madrid SE (28/12/79)	(c)	102.70	103.29	105.22	105.28 (21/2/80)	99.31 (16/1/80)
SWEDEN Jacobson & P. (1/1/58)	375.16	377.41	377.61	374.83	401.34 (6/2/79)	331.37 (24/8)
SWITZERLAND Swiss Bank Cp. (31/12/58)	(u)	315.80	315.7	315.1	328.10 (2/5)	284.00 (5/1/79)
WORLD Capital Intl. (1/1/70)	—	139.5	140.3	140.3	143.3 (13/2/80)	122.2 (1/5/79)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day
Texaco	1,468,700	40	+1⅛
Gulf Oil	298,800	31¼	+1
Mobil	277,600	77	+2
Am. Tel & Tel.	678,500	49	+ ⅛
Standd. Oil Cal.	632,700	77⅞	+4⅛
Occidental Pet.	529,300	31	—
Sears Roebuck	477,700	16⅞	+ ⅛
Itel	471,600	4	− ½
IBM	456,700	66	− ⅛
Phillips Pet.	425,700	54⅞	+ ⅛

Warning for Peter Walker

By Our Commodities Editor

[M]R. PETER WALKER, the [Mi]nister of Agriculture, must be [ma]de to keep his promises on [foo]d prices, Mr. Roy Mason, the [Sha]dow agriculture spokesman, said yesterday.

He said the start of the agricultural prices battle in Brussels brought prospects of further food price increases which were viewed with great foreboding by the already impoverished British consumer.

Last year Mr. Walker went to the price review supporting the EEC Commission's proposal for a general farm price freeze, but eventually agreed a deal which cost nearly £1bn more than the Commission's original proposals, Mr. Mason noted.

"This year the Minister has again stated that he wants a price freeze—although only for products in structural surplus. But after last year's example can be believed?

"The Minister must be made to keep his promises, must not be allowed to make any shady deals with our Community partners in areas such as sheepmeat or fisheries policy," the Labour spokesman declared.

He said the British consumer wanted a common agricultural policy no longer based on artificially inflated prices and more sensitive to the needs of the British consumer and the British farmer.

Potato report [u]rges higher [st]andards

[By Our Fi]nancial Times Reporter

[A]CTION is urgently required if Britain's potato growers are to compete favourably with Dutch opposition, a report published yesterday says.

Both the quality of the product and its marketing needs to be raised to a comparable standard, says consultant Miss Mary Swatman in a report to the Potato Marketing Board.

The report urges: a reduction in wastage by growing for quality rather than yield; improvement and standardisation of grading; a reduction in the number of varities grown in order to ease central handling; and improved communications within the industry.

Upturn in copper stocks depresses prices

BY OUR COMMODITIES STAFF

NEWS THAT copper stocks in London Metal Exchange warehouses rose last week for the first time in 14 months depressed copper prices yesterday.

In the morning the cash wirebars price slipped to £1,144 a tonne but after a rally in the afternoon, encouraged by the firmer tone in New York, it closed at £1,160 a tonne, down £40 from last Friday's close.

This is the lowest price for six weeks and £312 below the peak reached a fortnight ago.

At the end of last week LME copper stocks stood at 115,625 tonnes, 1,250 tonnes up from a week earlier. Tin stocks rose 65 tonnes to 4,190 but lead and zinc stocks were down—the former by 600 tonnes to 11,300 and the latter by 300 tonnes to 47,800.

Two leading smelters announced copper price cuts yesterday. Asarco reduced its electrolytic copper price by 5 cents to $1.25 a lb and Phelps Dodge cut its base price for whole plate electrolytic copper cathodes by 8 cents to $1.22 a lb.

The tin market was relatively quiet yesterday with prices slightly depressed by the fall in copper. Cash standard tin ended the day £20 down at £7,510 a tonne.

But lead and zinc were higher. Strong demand pushed cash lead up £5 to £509 a tonne and there was also good buying of zinc which rose £8.5 to £387.5 a tonne for cash metal.

Brij Khindaria writes from Geneva: Negotiations to reach an international agreement to stabilise the world's copper market have ended in stalemate with governments failing even to agree on whether they should meet again for more talks.

The deadlock came at weeklong discussions here under auspices of the UN Conference on Trade and Development (UNCTAD) which is backing demands from Third World copper producers for an international agreement containing reserve stock arrangements to stabilise world copper prices within an agreed range.

The U.S., Canada and the EEC were reluctant to be dragged into an agreement. In spite of more than a decade of talks and several hundred studies they argued that further research is needed before the free market mechanism can be interferred

Japan favoured stabilisation but felt it was too early to call a formal diplomatic negotiating conference because of the serious reservations of other developed country consumers. It said any significant cutbacks in copper supplies would cause serious unemployment.

Influential producers such as Peru, Zambia and Mexico, insisted that negotiating conference be called and work begun to draft a text for an international agreement. All industrialised countries rejected this demand.

In contrast with other Third World exporters, Chile argued that it would be useless to call a conference without prior agreement on the need for a pact.

Working group chairman Siman Widiatmo of Indonesia, tried to break the deadlock by suggesting that a text should be drafted proivding for market regulation in three two-year stages.

The first stage would promote consultations among producers and consumers, the second would be working out international stocking arrangements, and the third would establish mechanisms for management of supply.

The U.S. was not against a price stabilisation system backed by reserve stocks, but it earlier suggested total stocks of about 1m tonnes, which in the producers' view, would be too expensive to collect.

In a compromise proposal, Norway suggested that copper prices should be stabilised through voluntary supply management—exporters would hold back sales in times of falling prices and increase sales in times of rising prices.

The proposal got little immediate support, but delegates said it could provide a way out of the deadlock later with some changes.

U.S. 'could not meet Soviet grain shipments'

WASHINGTON — Even if the Russians pull out of Afghanistan the U.S. could not deliver the full amount of grain earmarked for shipment to the Soviet Union, Mr. Bob Bergland, the U.S. agriculture secretary, warned yesterday.

"If the Soviets stop this madness it would be impossible to deliver the full 17m tonnes. We do not have the ship-loading capacity," he told the agriculture committee at the National Governors Conference here. Mr. Bergland said the grain exporting industry was already operating at full capacity.

Large purchases of U.S. grain made by a number of countries recently would exceed the amount to have been bought by the Soviet Union.

The committee has recommended a programme to help offset the impact from the U.S. suspension of agricultural shipments to the USSR.

It asked for the removal of 10m tonnes of maize from the market until spring next year, which should be re-marketed in a gradual manner so as not to depress farm prices.

Also, 2.5m to 3m acres of land should be removed from maize production for the 1980 crop year, and be placed under conservation practices

Meanwhile, eight Republican members of the House of Representatives' Agriculture Committee have introduced legislation to help protect farmers from the effects of the embargo.

The legislation would require the government to purchase and isolate the embargoed grain so it does not enter the U.S. or world markets.

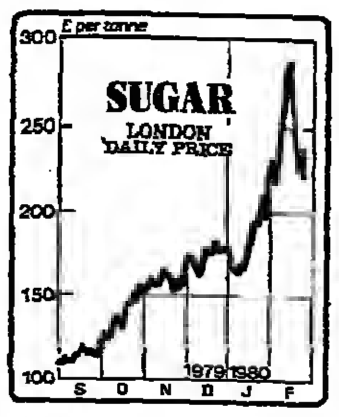
It would also establish a paid land diversion programme aimed at taking 4m tonnes of wheat and 12m tonnes of feedgrains out of production. Farmers would be eligible for payments on no less than 10 per cent of their acreage.

Maize farmers who did not participate in the 1979 feedgrain programme would be eligible for loans not exceeding $100,000.

The Bill would authorise up to $500m for the Agriculture Secretary to buy wheat on the open market or through voluntary sales from farmer reserves.

The wheat would be donated to meet the humanitarian needs of foreign nations suffering from major disasters or to help developing nations meet their food needs when quantities were not available under the PL 480 aid programme because of limited U.S. supplies.

Reuter



Selling cuts sugar prices

By Richard Mooney

WORLD SUGAR prices declined again yesterday in the face of further selling pressure. In the morning the London daily raws price was fixed at £220 a tonne, down £19 on the day. This is the lowest level for more than three weeks and is £67 below the five-year peak reached earlier this month. On the futures market, the May position fell to £236 a tonne at one stage but rallied in late trading to end the day only £8.5 down at £247.6 a tonne.

Dealers said most speculators were thought to have sold out holdings acquired during the recent dramatic upsurge and some were now selling "short."

They thought sales of International Sugar Agreement reserve stocks, released as a result of the price rise, may have encouraged the fall, though producers did not seem excessively keen to sell this sugar. There had been doubts as to whether the whole of the 2m tonnes required to be stocked under the agreement had in fact been held off the market but these doubts now seem to have disappeared.

Norway fish exports up

FISH EXPORTS earned Norway NKr 4,850m (£435m) last year, an increase of Kr 650m (£58m) on 1978.

The Fisheries Directorate attributed the rise mainly to sales of fresh fish, dried fish, salted fish and sun-dried split cod.

The largest increase in value terms was for farmed salmon sales.

SOUTH AFRICA

Consumers demand probe into the meat industry

BY BERNARD SIMON IN JOHANNESBURG

A PRE-CHRISTMAS jump of 30 per cent in meat prices was the last straw for South African meat eaters. Although prices are now coming down again, the December surge came on top of a number of other events which have so deepened public suspicion of the meat industry's business practices that consumer groups are demanding an impartial probe of the country's ranching, processing and distribution network.

Meat men concede that the industry's image leaves something to be desired, but they argue that much of the criticism is based on emotion rather than facts.

The present outcry began last October, following the mysterious suicide of the general manager of the Namibia Meat Industry Control Board, Mr. Frans Heydenreych. Only a few days before his death, Mr. Heydenreych had been questioned by a Commission of Inquiry on payments into his bank account of amounts which exceeded his salary. The commission heard numerous allegations of malpractices involved in the issuing of slaughtering permits in Namibia.

In South Africa, meanwhile, a Meat Board official has been charged with corruption and the director of a Johannesburg livestock agency with bribery. The charges also relate to the abuse of slaughter permits.

The latest intrigue is hardly surprising, considering the web of controls which envelopes the South African meat industry.

Floor prices, support prices, producer permits and agent quotas are the main methods used to ensure stable prices and a reasonable return to farmers.

In spite of the Christmas price spiral, the system has worked quite well in containing consumer prices. Beef prices have fallen in real terms for the last three to four years.

Farmers have suffered, however. Since 1976, producer prices have barely risen, even in money terms. The reason is that sharp price increases earlier in the 70s encouraged farmers to build up their herds. Stagnant demand and a severe drought in 1978-79 caused massive oversupply.

Consumers often blame price rises on the long chain of middlemen in the meat industry —agents, auctioneers, wholesalers, retailers.

A survey by the government's National Marketing Council two years ago found that the wholesaler's net return on turnover averaged only 2 per cent, and the retailer's even less.

More valid is the criticism levelled against the giant farmers' co-operative, Vleissentraal, and two companies, Asokor and Imperial Cold Storage, which have a virtual stranglehold on the meat industry.

Almost all farmers are connected to Vleissentraal, and the three bodies control over two-thirds of supermarket retail butcheries. They have interests in every sector of the industry, from abattoir agencies and auctioneering to wholesaling, processing and exports.

The critics' main target is Vleissentraal, which as a co-operative, enjoys tax concessions and cheap loans on some of its activities. Its annual turnover is around R600m (£325.56m), and reserves are estimated at close to R40m.

The Marketing Council's report noted that the degree of vertical integration and concentration of power in the meat industry were "a potential danger for the future." It proposed various steps to reduce the power of the big three groups, including the granting of butchery licences in supermarkets to the companies that run the stores rather than outsiders. The report also suggested easing some of the controls on meat production and marketing.

Most of these recommendations have, however, been ignored, following stiff resistance from the Meat Board and the influential SA Agricultural Union. Although farmers are unhappy about their low earnings, they fear that a freer market could for the moment result in even lower prices.

The Minister of Agriculture, Mr. Hendrik Schoeman, has so far refused to sanction a comprehensive inquiry into the meat industry. He says there is no evidence that the Vleissentraal members of the Meat Board have abused their position to benefit themselves or the co-operative. Mr. Schoeman says, however, that he will order a probe as soon as he is given hard evidence of any malpractice.

Danish pledge on butter sales

BY RICHARD MOONEY

DENMARK has no wish to drive the New Zealanders out of the UK dairy products market, Mr. Poul Doulsager, the Danish Agriculture Minister, told British journalists in Copenhagen.

But New Zealand should involve itself in the EEC's difficulties, he said. "If there are problems in the British butter market, there must be problems for all of us—New Zealand too," he stated.

Britain was still an "exceptionally" important market for Danish dairy products, mainly bacon, butter and cheese, he said.

Mr. Doulsager said he sympathised with New Zealand. "Denmark knows the problems of being outside the EEC with an important market inside," he said, "but New Zealand should accept smaller exports while Community producers are paying special levies on their own production."

Mr. Jens Majgaard, managing director of Butterdane, the company which handles 96 per cent of Danish butter exports, was critical of the current situation, where New Zealand accounts for over 50 per cent of UK packet butter sales.

"The whole affair has been mismanaged," he complained. "EEC producers were led to understand New Zealand was being phased out of the UK market—we were led up the garden path."

He felt the suggested New Zealand quota of 90,000 tonnes for the coming season was far too high.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Down but well above the day's lowest levels on the London Metal Exchange. Forward metal opened at a steady note around the £1,190 reflecting trade buying interest after last week's heavy sell-off. However, renewed speculative liquidation was reported following the news that stocks showed a rise for the first time for 14 months. This depressed the price to £1,150. During the morning rings little selling pressure was noted. A strong rally on Comex, which had opened limit-down, prompted a sharp recovery in London and the price moved up quickly during the afternoon to touch £1,205 before closing the late Kerb at £1,196. Turnover: 36,275 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	1144-5	—59	1159-61	—40
3 months	1165-5	—57.5	1179-80	—40
Settlem't	1145	—59	—	......
Cathodes				
Cash	1098-100	—60.5	1114-6	—55.5
3 months	1132-3	—61	1145-50	—35
Settlem't	1100	—62	—	......
U.S. Prod	—	......	*138-46	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £1,145, 44; three months £1,163, 65, 63, 62, 61, 62, 63, 64, 65, 64, 63, 67, 68, 67, 66, 65, 64, 63, 64, 65. Cathodes: Cash, £1,099, 99; three months £1,133, 32. Kerb: Wirebars: Three months £1,163, 64, 63, 61, 60, 59, 58, 57, 58, 60. Afternoon: Wirebars: Three months £1,164, 66, 65, 66, 67, 68, 75, 77, 78, 76, 75, 77, 78, 77, 78, 78. Kerb: Wirebars: Three months £1,185, 87, 85, 88, 85, 88, 85, 88, 90, 89, 90, 94, 95, 96, 97, 98, 1,200, 01, 2, 5, 4, 2, 1, 1,198, 97, 96, 97, 95, 94, 96.

TIN—Barely changed in quiet trading. Forward metal opened around £7,650 in the morning rings and held steady following covering against U.S. and Japanese buying interest. In the afternoon the weakness of copper affected sentiment in tin which dipped to £7,600 before closing the late Kerb at £7,610. Turnover: 865 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7545-55	+15	7500-20	—20
3 months	7630-50	—10	7620-50	+2.5
Settlem't	7565	+15	—	......
Standard				
Cash	7545-55	+15	7500-20	—20
3 months	7630-40	—10	7620-40	+2.5
Settlem't	7565	+15	—	......
Straits E.	†$2235	+15	—	......
New York	—	......		......

Morning: Standard: Cash £7,550, 45, 50, 55; three months £7,650, 40, 45. Kerb: Standard: Three months £7,630, 05, 10. Afternoon: Standard: Three months £7,620, 10, 7,600, 20.

LEAD—Firmer following strong demand for cash material during the morning rings. Forward metal opened around £482.5 and eased back to £480 before moving ahead to £487.5 in the first ring reflecting the demand for cash metal which rose to £519 at this point. Thereafter forward metal traded quietly, dipping to £485.5 on the morning Kerb and closing the late Kerb at £487.5. Turnover: 9,150 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	518-20	+30.5	508-10	+5
3 months	487-9	—11.5	484-5	+1
S'ment	490	+51	—	......
U.S. Spot.	—	......	*50	......

Morning: Cash £514, 15, 17, 20, 21; three months £485, 86, 87, 85, 86, 87, 88. Kerb: Three months £487, 86, 85. Afternoon: Three months £485, 82, 83, 84. Kerb: Three months £485, 86, 82, 86, 87, 86.

ZINC—Higher following good buying in the afternoon rings. Forward metal opened around £382 and edged up to close the morning Kerb at £388.5. In the second ring in the afternoon Commission House buying prompted by the upturn in copper lifted three months zinc to the day's high of £397.5 prior to a close on the late Kerb of £396.5. Turnover: 8,000 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	380-2	—1	387-8	+8.5
3 months	387-8	—4	527-8	+7
S'ment	382-0	—1	—	......
Primw'ts	—	......	*37.6	......

Morning: Cash £380, 82; three months £385, 87, 88. Kerb: Three months £388. Afternoon: Three months £388, 90, 92, 94, 97. Kerb: Three months £397, 95, 96, 97, 98, 95, 95.

ALUMINIUM—Barely changed. Forward metal opened at £930 and dipped to £926 reflecting the weakness of copper. However, a recovery in the latter produced a similar trend in aluminium which rallied strongly on general consumer demand to close the late Kerb at £938. Turnover: 10,750 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	914-5	—6	922-4	+1
3 months	929-7	—7	955-5	+.75

Morning: Cash £915, 16, 15; three months £927, 26, 27, 28. Kerb: Three months £925, 26. Afternoon: Three months £927, 26, 29, 31, 32, 34, 35, 36, 37, 36, 35.5, 35. Kerb: Three months £938, 35, 38, 36, 37.

NICKEL—Unchanged on balance with the market tending to follow the movements in other metals. Forward metal fell to £3,130 during the morning but recovered in the afternoon to close the late Kerb at £3,195. Turnover: 312 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	3080-90	—25	3080-95	+2.5
3 months	3160-80	+5.5	3190-5	—

Morning: Three months £3,180, 70. Kerb: Three months £3,170, 80. Afternoon: Three months £3,170, 80, 85. Kerb: Three months £3,190.

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

SILVER

LME—Turnover 155 (138) lots of 10,000 ozs. Morning: cash 1,450, three months 1,460, 55, 52, 50. Kerbs: three months 1,450. Afternoon: three months 1,445, 55, 50, 46, 40, 45, 52. Kerbs: three months 1,460, 70, 65, 70, 85.

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	1441.75p	—14.4	1440p	—2.5
3 months	14049.5p	—24.7	1455p	—5
6 months	1466.60p	—27.1	—	......
12months	1485.10p	—34.6	—	......

Silver was fixed 14.4p an ounce lower for spot delivery in the London bullion market yesterday at £14.4175. U.S. cent equivalents of the fixing levels were: spot $32.80, down 40c; three-month $32.85, down 63.6c; six-month $33.1, down 71c; and 12-month $32.95, down 87.0c. The metal opened at £14½-14¾ ($33-33½) and closed at £14.15-14.40 ($32¾-32¾).

COCOA

International Cocoa Organisation (U.S. cents per pound). Daily price Feb. 22: 140.33 (145.12): Indicator price Feb. 25 15-day average 148.56 (149.01): 22-day average 147.59 (147.75).

COCOA	Yesterd'ys Close	+ or —	Business Done
March	1371-72	+8.0	1380-60
May	1402-03	+19.0	1405-1381
July	1421-23	+9.5	1429-06
Sep	1442-45	+5.0	1452-35
Dec	1480-84	+5.5	1490-75
March	1500-15	+2.5	1505-00
May	1525-40	—2.5	—

Sales: 2,403 (4,428) lots of 10 tonnes.

COFFEE

London coffee futures opened with gains of £5-£9, reports Drexel Burnham Lambert. There were no fresh features during a fairly active morning but the market maintained a steady tone and strength in the more forward positions continued with renewed dealer buying. In the afternoon prices moved higher once more but trade pressure in nearby positions thwarted any major movement on the upside and values closed £10-£27 up.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
March	1537-30	+11.0	1531-20
May	1574-75	+10.5	1576-69
July	1654-25	+91.5	1625-08
Sept.	1656-59	+21.0	1556-40
Nov	1574-75	+27.0	1572-65
January	1570-85	+20.0	1570
March	1560-75	+15.0	1585-56

Sales: 5,602 (7,840) lots of 5 tonnes.

ICS indicator prices for Feb. 22 (cents per pound). Other Mild Arabicas 167.00 (165.17). Robustas ICA 1976 165.25 (161.75). ICA 1968 165.50 (162.00). Unwashed Arabicas 193.00 (189.00). Comp. daily ICA 1968 173.67 (175.36).

GRAINS

LONDON GRAIN FUTURES — Old crops opened 25p lower values easing to trade 40p-50p lower with the main pressure being on the March options. In the afternoon session the market rallied on good commercial buying interest and values closed steady. New crops values eased initially on lack of buying interest to trade 34p-40p lower but improved in the afternoon session to close 10p-15p down on the day, reports Acli.

WHEAT Mnth	Yest'rdays close	+ or —	BARLEY Yest'rday close	+ or —
Mar.	85.90	+0.30	94.45	—0.05
May	99.50	+0.15	98.70	—0.15
Sept.	95.25	—0.10	93.10	—0.10
Nov.	99.80	—0.15	97.10	—0.15
Jan.	103.85	—0.10	101.05	—0.10

Business done—Wheat: March 95.20-94.30, May 99.55-98.90, Sept. 95.20-94.95, Nov. 99.05-98.90, Jan. 103.20-102.80. Sales: 179 lots of 100 tonnes. Barley: March 94.50-94.00, May 98.75-98.30, Sept. 93.15-92.80, Nov. 97.20-96.90, Jan. 101.05-101.00. Sales: 373 lots of 100 tonnes.

IMPORTED — Wheat: U.S. Dark Northern Spring No. 2, 14 per cent. Feb. 98.50, March 98.75, April/May 98.15 transhipment East Coast. Maize: U.S./French Feb. 116, March 116.75 transhipment East Coast. Barley: English feed fob Feb 100, March 101.60, April 103, April/June 104.50 East Coast. Rest unquoted.

HGCA — Locational ex-farm spot prices. Feed barley: Eastern 94.10, E. Midlands 95.50, N. East 96.50, Scotland 93.30.

The UK Monetary Coefficient for the week beginning Monday, March 3 (based on HGCA calculations using four days' exchange rates) is expected to remain unchanged.

RUBBER

The London physical market opened about unchanged, with little physical interest throughout the day, closing on a dull note. Lewis and Peat reported a Malaysian godown price of 344 nom. (same) cents a kg (buyer, March).

No. 1 R.S.S.	Yest'rdays Close	Previous Close	Business Done
Mar.	72.10-75.00	74.50-75.00	72.70-70.00
Apr.	73.10-74.00	73.75-77.00	—
Apr-Jne	75.15-75.50	74.50-76.50	77.85-74.00
Jly-Sept	80.10-80.15	79.00-80.00	80.50-78.00
Oct-Dec	83.60-83.70	83.00-83.10	89.50-81.50
Jan-Mar	86.50-86.60	85.60-86.00	89.00-84.50
Apr-Jne	89.00-89.05	87.80-88.10	89.00-87.00
Jly-Sept	91.30-91.40	90.15-90.20	91.35-89.50
Oct-Dec	93.40-93.60	92.15-92.55	93.60-91.45

Sales: 998 (1,919) at 15 tonnes: 22 (same) at 5 tonnes.

Physical closing prices (buyer) were: Spot 71.00p (69.00p). April 74.00p (73.00p). May 76.00.

SOYABEAN MEAL

The London soyabean meal market opened around unchanged in quiet trading conditions, reports T. G. Roddick. During the afternoon session prices steadied on slight trade buying to close 30p to 90p higher.

	Yest'rd'y Close	+ or —	Business Done
	£ per tonne		
April	110.50-10.9	—0.30	115.80-110.50
June	110.50-11.8	+0.50	110.50-110.20
August	113.70-13.0	+0.65	116.70-112.00
October	115.40-15.5	+0.95	115.50-112.80
December	115.80-15.5	+0.80	119.00
February	118.50-18.5	+0.50	119.50-110.50
April	119.50-22.0	—	—

Sales: 48 (69) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): £220.00 (£239.00) a tonne cif for Feb.-March-April shipment. White sugar daily price was £240.00 (£260.00).

The market opened around overnight levels but soon fell back. Later further losses were recorded before news that Cuba was sold out for 1980 provoked keen shortcovering and gains of up to £15 were recorded before profit taking pared the gains somewhat at the close, reports C. Czarnikow.

Sugar Pref. Comm. Con.	Yest'rdays Close	Previous Close	Business Done
	£ per tonne		
March	249.00-42.00	242.00-45.00	249.00-24.00
May	247.58-47.70	256.00-56.20	259.00-59.00
Aug	251.50-52.00	259.25-59.50	255.15-40.00
Oct	255.50-59.00	261.05-62.95	260.50-45.00

Sales: 5,731 (11,056) lots of 50 tonnes.

NUMBER 4 CONTRACT—Close (in order buyer, seller only). May 249.00, 249.75; Aug. 248.50, 255.00; Oct. 258.00, 255.00; Jan. 248.50, 250.00; March 253.00, 255.00; May 254.50, 257.50. Sales, 129 (247).

Tate and Lyle ex-refinery price for granulated basis white sugar was £319.70 (same) a tonne for home trade and £301.00 (£337.50) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Prices for February 22: Daily price 21.88 (22.35); 15-day average 23.30 (23.25).

COTTON

LIVERPOOL — Spot and shipment sales amounted to 368 tonnes. Useful support was again forthcoming although demand continued on relatively quiet lines. Fair attention was centred on South American and Middle Eastern qualities.

PRICE CHANGES

In tonnes unless otherwise stated.

	Feb. 25 1980	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£770/910
Free Mkt (es)	$2100/2200	......	$2040/205
Copper			
Cash w'bar	£1,160	—40	£1,299
3 mths	£1,179.5	—40	£1,280.5
Cash Cathode	£1,116	—55.5	£1,252.5
3 mths	£1,147.5	—55	£1,264.5
Gold troy oz.	$637.5	—2	$655
Lead cash	£509	+5	£508
3 mths	£494.5	+1	£501.75
Nickel	£3,196.78	......	£3,195.74
Freemkt(cil) lb	505/550c	......	505/550c
Platin'm tr'y oz	£189.0	......	£189
Free mkt	£362.88	—6.12	£350.55
Quicksil'ver	$520/400	......	$405/415
Silver troy oz	1461.75p	—14.4	1560p
3 months	1442.50p	—24.7	1560p
Tin Cash	£7,510	—20	£7,565
3 mths	£7,630	+2.5	£7,527.5
Tungsten22.04lb	$152.11	......	$158
Wolfrm 22.04 lb	$156/142	......	$142/144
Zinc cash	£387.5	+8.5	£359.5
3 months	£387.5	+7	£375.5
Producers	$925	......	$780/625
Oils			
Coconut (Phil)	$835t	—10	$905
Groundnut	......	......	......
Linseed Crude	£445	......	£418t
Palm Malayan	$672.50r	......	$725
Seeds			
Copra Philip.	$646r	—2.5	$600
Soyabean (U.S.)	$296.70r	+2.85	$284.25
Grains			
Barley Futures	£98.70	—0.15	£100.55
Maize			
French No3AM	£118	—0.25	£117
Wheat			
No. 1 Red Spg.	......	......	......
No2HardWint.	......	......	£96.25
Eng. Milling	......	......	......
Other commodities			
Cocoa ship't	£1,482	+7	£1,524
Future May	£1,402.5	+12	£1,466.5
Coffee F't'r May	£1,574.5	+10.5	£1,515.5
Cotton A.Index	84.45c	—0.5	91.70c
Rubber (kilo)	71p	+2	77.50p
Sugar (Raw)	£220	—19	£204
Wooltp's 64s kl	297p kilo	......	290p kilo

r March. s June. v Feb.-March. t March-April. u April. w May. x July. z Indicator. § Buyer. † Per 76 lb flask. * Nominal.

WOOL FUTURES

BRADFORD WOOL—Business in tops was quiet, with buying only to meet requirements as they arose. Financial factors were dominant in causing this policy. Traders said deliveries were going out well, however, and there was a better tone than in recent weeks. Reuter

LONDON NEW ZEALAND CROSSBREDS—Close (in order buyer, seller, business, sales). New Zealand cents per kilo. May 398, 403, nil, nil; Aug. 412, 414, 412, 2; Oct. 414, 415, 415, 1; Dec. 420, 421, nil, nil; Jan. 418, 422, nil, nil; March 422, 425, nil, nil; May 425, 430, nil, nil; Aug. 425, 440, nil, nil. Sales 3.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business, sales). Australian cents per pound. March 470.0, 472.5, 475.0-473.0, 14; May 481.0 traded, 493.0-485.0, 71; July 514.0, 516.0, 519.0-514.0, 165; Oct. 514.5, 515.0, 520.0-514.0, 106; Dec. 515.0, 517.0, 519.0-514.5, 74; March 517.5, 519.0, 520.0-515.5, 39; May 517.8, 519.0, 520.0-516.2, 12; July 512.0, 520.0, 520.0-519.0, 9. Sales: 487.

TEA AUCTION

LONDON TEA AUCTION — 50,148 packages offered at yesterday's auction, and there was good demand. Brighter Assams were often dearer, as were Bright Africans, particularly dusts. Mediums were irregular and plains were steady. Ceylons opened firm but closed lower. Quotations: Quality 137p per kilo (132p); medium 112p (114p); plain 61p (61p).

MEAT/VEGETABLES

MEAT COMMISSION—Average fatstock prices at representative markets on February 25. GB Cattle 79.82p per kg liveweight (—0.33). UK Sheep 157.7p per kg est dcw (+10.2). GB Pigs 63.1p per kg liveweight (—2.0).

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 64.0 to 68.0; Eire hindquarters 69.0 to 73.0. Forequarters 46.0 to 50.0. Veal: English fats 74.0 to 84.0; Dutch hinds and ends 98.0 to 104.0. Lamb: English small 60.0 to 68.0, *small 70.0, medium 58.0 to 66.0, heavy 54.0 to 62.0; Scottish medium 46.0 to 64.0, heavy 54.0 to 62.0; Imported frozen: New Zealand PL new season 54.0 to 54.0, PM new season 51.5 to 52.0. Pork: English, under 100 lb 44.0 to 49.0, 100-120 lb 38.0 to 48.0, 120-160 lb 36.0 to 44.0.

* Special quotation—very high quality produce in limited supply.

COVENT GARDEN—Prices in sterling per package except where otherwise stated: Imported Produce: Oranges—Spania: Navel 3.80-4.30; Jaffa: Shamouti 50/189's 3.75-5.50; Moroccan: 64/113's 3.50-3.80. Satsumas—Spania: 95/189's 3.40-4.20; Clementines Spania: 5.00-5.50; Wilkins Spania: 5.00-5.20. Lemons—Italian: 100/150's 4.50; Cypriot: 11 kg 84/120's 3.00-4.40; Greek: 4.80-5.00; Spanish: Trays 1.50-1.70; Californian: 99/115's 5.50-6.00; S. African: 100/170's 5.80-9.00. Grapefruit—Cypriot: 20 kg 3.10-4.40; Jaffa: Large boxes 32/88's 4.80; Florida: Pink Flesh 36/48's 4.20-4.80. Apples—French: Golden Delicious, boxes 40 lb 138/175's 3.80-6.00, 20 lb 1.80-2.40; Granny Smith 20 lb 2.40-3.00, 40 lb 4.50-6.00.

English Produce: Potatoes—Per bag 2.00-2.80. Lettuce—Per 12, round 1.00. Mushrooms—Per pound 0.55-0.60. Apples—Per pound Bramley 0.09-0.15, Cox's Orange Pippin 0.09-0.17, Laxton 0.08-0.10, Spartans 0.08-0.10. Pears—Per pound Conference 0.08-0.12, Comice 0.16-0.22. Swedes—Per 25/28 lb 0.60-0.70. Turnips—Per 28 lb 0.80-1.00. Sprouts—Per pound 0.05-0.06. Carrots—Per bag 0.80-1.00. Cabbages—Per bag 0.80-0.90, White 1.20. Parsnips—Per 28 lb 0.80-1.00. Rhubarb—Per pound, forced 0.16-0.19. Onions—Per bag 2.40-3.00. Beetroots—Per bag 1.00-1.20. Cucumbers—Trays 16/20's 5.50.

GRIMSBY FISH — Supply good demand fair. Prices at ship's side (unprocessed) per stone: Shell cod £2.80-£4.30, codlings £2.20-£3.50; large haddock £4.60-£5.20, medium £4.00-£4.80, small £2.50-£3.20; large plaice £3.00-£3.30, best small £3.00-£3.30; skinned dogfish (medium) £10.00; lemon soles £9.50; rockfish £3.50; saithe £2.10-£2.50.

AMERICAN MARKETS

NEW YORK, February 25.

THE GRAIN and soyabean complex staged a moderate rally in anticipation of an acreage diversion programme to be announced by the end of the week. The livestock complex closed mixed on slow trade demand. Gold rallied from heavy losses to register sizeable gains on the close on good speculative buying. Silver finished mixed having recovered from limit losses. Copper was mostly limit down despite heavy late trade buying. Continued liquidation because of expected heavy deliveries put sugar down the limit. Cotton was firm on trade interest. Trade support in coffee and cocoa moved prices sharply higher, reported Heinold.

Potatoes (round whites)—March 52.3 (52.3), April 57.8-57.9 (55.5), May 65.7-66.0, Nov. 74.9. Sales: 589.

Sugar—No. 11: March 20.55-20.70 (21.10), May 23.80 (24.80), July 24.66, Sept. 25.04, Oct. 24.99, Jan. 24.80, March 24.97, May 24.70, July 14.75. Sales: 5,875.

Tin—807.00-810.00 asked (808.00-815.00).

CHICAGO, February 25.

Lard—Chicago loose 19.50 (same). New York prime steam 21.00 (same).

Live Cattle—April 69.75-69.80 (70.35), June 71.90-72.00 (72.35), Aug. 71.95-72.30, Oct. 71.00-70.90, Dec 71.95-72.10, Feb. 72.50.

Live Hogs—April 35.85-36.70 (36.70), June 40.55-40.60 (40.50), July 41.35-41.40, Aug. 40.97-40.95, Oct. 40.50, Dec. 43.35, Feb. 45.37, April 44.75.

‡‡Maize—March 268¼-268½ (267¼), May 282½-282¾ (281), July 294½-294¾, Sept. 304¾, Dec. 315-315¾, March 326¾-327.

Pork Bellies — March 38.85-38.75 (38.40), May 40.15-40.25 (39.75), July 41.25-41.40, Aug. 40.70-40.75, Feb 51.40, March 51.80, May ——, July ——, Aug. ——.

Silver—Feb. 3380.0 (3220.0), March 3280.0 (3360.0), April 3450.0, June 3525.0, Aug. 3578.0, Oct. 3628.0, Dec. 3678.0, Feb. 3728.0, April 3778.0, June 3828.0, Aug. 3878.0, Oct. 3928.0, Dec. 3978.0, Feb. 4028.0, April 4078.0, June 4128.0, Aug. 4178.0.

†Soyabeans—March 641-642 (641½), May 666-665½ (665¾), July 687½-688, Aug. 696½-697, Sept. 705, Nov. 716½-717, Jan. 734, March 753.

‖Soyabean Meal—March 179.10-176.20 (178.20), May 182.30-182.00 (182.40), July 188.00, Aug. 191.00-190.80, Sept. 194.10, Oct. 196.20-196.50, Dec. 200.00-199.80, Jan. 202.50-202.50, March 207.80.

Soyabean Oil — March 23.00-22.96 (22.82), May 23.58-23.80 (23.50), July 24.08-24.05, Aug. 24.30-24.35, Sept. 24.80, Oct. 24.65-24.90, Dec. 25.25-25.15, Jan. 25.25-25.30, March 25.60, May 24.80-24.90.

Wheat—March 447½-448 (443¾), May 461-462 (457¼), July 468¾-469½, Sept. 480½, Dec. 499½, March 515.

WINNIPEG, February 25.

§Barley—March 109.80 (110.80), May 113.90 (114.20), July 114.30, Oct. 110.30, Dec. 109.50.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq. feet. ‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM, Feb. 25.

Wheat—U.S. No. 2 Red Winter March $184. U.S. No. 2 Northern Spring, 14 per cent, March $206.50, April/May $200, May $200, June $201, July $203, Aug. $205.50, Sept. $207.50, Oct. $212.50, Nov. $214.50, Dec. $218. Rest unquoted.

Maize—U.S. No. 3 Corn Yellow afloat $131.50, Feb. $133.50, March $133.50, April/June $138, July/Sept. $144.50, Oct./Dec. $148.50, Jan./March $157.50.

Soyabeans—U.S. Two Yellow Gulfports afloat $264.50, March $265.50, April $270.75, May $273.50, June $279.75, July $282, Aug. $285.50, Sept. $288.50, Oct. $290.25, Nov. $290, Dec. $296.50, Jan. $300. Brazil Yellow FAQ unquoted. Argentine June $277.50, July $278, Aug $281.50.

Soyameal—44 per cent protein U.S. afloat $228, Feb. $231, March/April $232, June/July $233, April/Sept. $236, Nov./Feb. $253. Brazil Pellets Feb. $253, March $240, April/May $236, June/July $243, April/Sept. $242.50.

PARIS, Feb. 25.

Cocoa—(FFr per 100 kg). March 1,285, May 1,286-1,295, July 1,290, Sept. 1,320-1,350, Dec. 1,335-1,370, March 1,355-1,380. Sales at call: nil.

Sugar—(FFr per 100 kilos)—May 2,275-2,280, July unquoted, Aug. 2,305-2,314, Oct. 2,315-2,330, Nov. 2,310, Dec. 2,315, March 2,325, May 2,340. Sales at call 31.

INDICES

FINANCIAL TIMES

Feb. 22	Feb. 21	M'nth ago	Year ago
297.54	300.55	302.29	270.48

(Base: July 1, 1952=100)

MOODY'S

Feb. 22	Feb. 21	M'nth ago	Year ago
1385.1	1399.9	1413.8	1045.7

(December 31, 1931=100)

DOW JONES

Dow Jones	Feb. 22	Feb. 21	Month ago	Year ago
Spot	425.05	440.75	434.54	388.55
F'tur's	451.55	457.44	441.48	381.06

(Average 1924-25-26=100)

REUTERS

Feb. 25	Feb. 22	M'nth ago	Year ago
1753.6	1770.6	1799.1	1568.9

(Base: September 18, 1931=100)

Gilts resilient despite presence of £800m tap stock
Secondary Oils speculation enlivens drab equity scene

ACCOUNT DEALING DATES

Options *First Dealings	Declarations	Last Dealings	Account Day
Feb. 11	Feb. 21	Feb. 22	Mar 3
Feb. 25	Mar. 6	Mar. 7	Mar. 17
Mar. 10	Mar. 20	Mar. 21	Mar. 31

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

A resilient Gilt-edged market and a lively secoodary Oil sector were the two main features in stock markets yesterday. Leading shares and most equity sections otherwise started the new trading Account a shade uncertainly, subdued by a week-end Press inconclusive in its views about the continuing steel dispute and the general outlook regarding UK industrial relations.

British Funds opened at the lower levels ruling late Friday evening following naws of further Government funding in the shape of the new long tap issue. The prospect of £800m of Treasury 14 per cent 1996 stock, payable £20 at tender, coming on to the market failed to deter revived investment interest, bowever, and quotations soon began to pick up, albeit in a slow trade.

Longer-dated stocks finally regained all Friday's losses to close with rises extending to ¾; the £70-paid Treasury 13¾ per cent "A" 2003-05 recovered ½ to 65¾. The shorter end of the market also began marginally easier, but rallied to end about $\frac{1}{16}$ up on balance despite U.S. interest rate worries and a moderate sbortage of credit in money markets.

Leading equities were slow to derive benefit from the treod in Gilts, but buyers became less reserved towards the close and early losses were reduced to negligible proportions. Four constituents of the FT 30-share index were quoted ex-dividend and took nearly 1.5 off the index wbicb, bowever, closed only 0.5 down at 453.7 after *having sbown a fall* of 4.6 at 11.00 am.

The Deminex bid for Viking Oil, up 70 at 880p, whetted speculative appetites for a bost of *secondary Oils*. Burmab were again outstanding with a fresh rise of 14 to 249p, while gains of around 50 were common to Aran Energy, 422p, and Gas and Oil Acreage, 405p. Shell were good at 392p, up 10, ahead of the group's preliminary results, due on March 6.

Traded options remaioed quiet and 425 contracts were completed; last week's daily average amounted to 521. A useful business was transacted in Imperial which attracted 143 deals while 96 were arranged in ICI, the latter ahead of annual results, due on Thursday.

Allied International Designers, formerly United Rubber and Coffee Plantations, made a relatively bright market debut. From an opening level of 22p, the shares encountered small buying and closed at 30p; the shares are dealt under Special Rule.

Banks firm

Banks were unable to sustain the level of business that developed on Friday after Lloyds' annual *results*, but the *trend* was usually to higher levels. NatWest, which reports today, firmed 8 to 370p, while similar improvements were marked against Barclays, 452p, and Midland, 370p. Lloyds, in ex-dividend form, eased a couple of pence to 300p. Elsewhere, Standard and Chartered attracted late interest and picked up 10 to 493p, while, in Merchant Banks, Antony Gibbs added 4 to 83p. Hambros shaded to 310p as dealers attempted to establisb a tradiog level, bnt moved up in late dealings *to close* a net *penny* higher at 319p; the company bas made a £19.5m offer for Fairey, the engineering concern controlled by the National Enterprise Board.

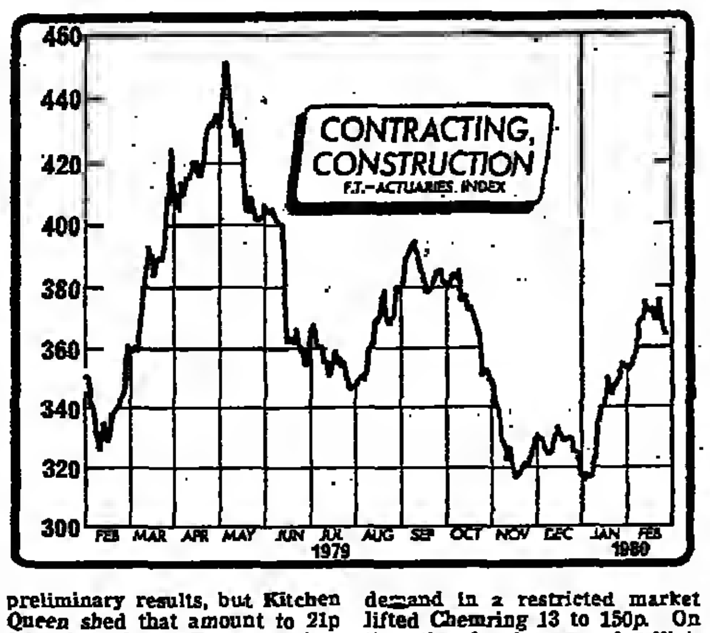
Insurances recovered a certain amount of composure after Friday's downturn. Among Composites, Commercial Union added 5 to 140p awaiting today's *preliminary results*, while General Accident, which reports tomorrow, firmed 4 to 228p. Royals picked up 8 to 340p and Eagle Star a couple of pence to 159p. Brokers featured C. T. Bowring which put on 5 to 138p awaiting furtber moves in the Marsh McLennao bid situation.

Interest in Buildings centred mainly on selected Timber issues. *Weekend Press* comment suggesting a 140p per sbare bid for Montague L. Meyer prompted further speculative buying which put 9 on the sbares to a 1979-80 peak of 112p. Fresb support was also forthcoming for May and Hassell, which added 6 to 95p, and for Mallinson-Denny, 4½ firmer at 63p. On the other band, Magnet and Southerns eased 4 to 170p on *lack* of interest, while International Timber closed only marginally higber at 118p xd. The large cut-back in public spending for housebuilding made little apparent Impression on Contracting and Construction issues wbicb traded narrowly around overnight levels and ended virtually unaltered on balance. Ward responded to the excellent annual results with a gain of 3 to 65p.

ICI became a subdued market awaiting Thursday's preliminary results and slipped to 384p before settling at 390p for a net gain of a couple of pence. After touching 273p, Fisons reverted to Friday's closing level of 282p.

Stores quiet

Stores began the new Accouot in subdued mood. The leaders trended a penny or two firmer where altered, with GUS "A" rising 4 to 388p. Elsewhere, Vantona added a couple of peoce to 96p in front of today's preliminary results, but Kitchen *Queen* shed that amount to 21p following adverse Press mention. Speculative support returned for Bambers, 10 up at 90p, while Status Discount added 3 to 64p for a similar reason. Lee Cooper, 280p, and Owen Owen, 102p, both firmed around 5, while Polly Peck contiooed to make beadway on hopes of a shell operation and closed 1½ better at 21p.



In Shoes, Stylo rose 10 to 180p in response to increased speculative demand, while Headlam Sims and Coggins were also wanted and put on 2 to 48p.

Firmness in the Electrical leaders mainly reflected scattered late buying interest. Plessey ended 5 higher at 141p and GEC 4 dearer at 377p, while Thorn closed 8 better at 316p xd. Elsewbere, Electronic Rentals hardened 3 to 109p after Press mention, but the interim statement failed to benefit Electronic Macbine, unaltered at 28p. The bid for Fairey Holdings, stimulated a revival of interest in Ferranti which improved 15 to 515p. Other bright spots inclnded Louis Newmark, 5 higher at 330p, and Automated Security, 3 firmer at 253p. Muirhead, on the other hand, met sellers and gave up 7 to 198p along with United Scientific, 5 cheaper at 470p.

A late advance of 24 to 137p in Ransome Sims in response to much better-than-expected preliminary results provided a little relief from a rather uninteresting session in Engineerings. Press mention stimulated buying of Burgess Prodocts "A" which finisbed 10 to the good at 54p alter a reasonably lively trade. Spear and Jacksoo firmed 2 to 112p for a similar reason, while demand in a restricted market lifted Chemring 13 to 150p. On the other band, renewed selling left Acrow "A" 1½ cbeaper at 34p. Whessoe eased 2 to 82p and similar losses were marked against Ductile, 88p, and Simon Engineering, 236p.

Leading Foods picked up from a subdued opeoing to close with net gains. Among Supermarkets, Associated Dairies firmed 6 to 178p and *J. Sainsbury improved* 5 to 292p, while Bejam added 1½ to 61½p, the last-named being helped by favourable Press comment. Rowntree Mackintosh hardened a couple of pence to 156p and Unigate a penny to 123p xd. Elsewhere, Needlers touched 55p before settling only a penny firmer on balance at 53p. Squirrel Horn came in for support and added 2 to 38p, while R. Paterson hardened a penny more to 38p. In contrast, merger partners Morgan Edwards, 130p and Louis C. Edwards, 64p, encountered further profit-taking and sbed 3 and a penny respectively.

In quiet Hotels and Caterers, De Vere touched 253p oo early interest before reverting to Friday's closing level of 250p. Savoy A eased 2 to 138p, while Mount Charlotte, annual results today, held at 24p.

Inclined easier at the start, some of the miscellaneous Industrial leaders picked to close a little firmer on the day. Glaxo ended 6 dearer at 248p, after 238p, while Boots, 185p, and Bowater, 176p, both finished a net penny or so firmer. Elsewhere conditions were rather subdued hot London and Midland Industrials were noteworthy for a rise of 7 to 111p in response to favourable week-end Press mentioo. Others to reflect Press comment included, Euro Ferries, a penny harder at 115½p, and E. Fogarty, 2 higher at 76p. Buyers showed interest in Bridon which improved 5 to 75p, while gains of 4 were recorded in *Smiths Industries*, 220p, Ropner, 78p, and Diploma, 464p. Hoover A hardened 2 to 125p awaiting today's preliminary results. In contrast, *British Cargo weakened 5 further* to 40p, while Hamilborne, a firm market of late, reacted 3 to 60p.

In Motor Distributors, Henlys attracted a reasonable business and *closed 3 to* the good at 92p, but Caffyns fell 4 to 188p, in the absence of bid developments. Scottish Ford dealers Alexanders firmed a penny to 14½p on the record profits and capital proposals. Components were mixed; Lucas added a few pence to 237p, while Brown Brothers hardened a shade to 29p ahead of tomorrow's half-timer. On the other hand, *Dowty* shed 3 to 184p.

BPM A, interim results due tomorrow, firmed 3 to 92p. Elsewhere in Papers, Bunzl Pulp, at 119p, recovered 3 of Friday's fall of 8 which followed the sale of the company's Austrian interests.

Business in Properties picked up during the late dealings and the overall trend was firm. Land Securities finished 4 bigher at 292n and MEPC a couple of pence to the good at 195p, while Great Portland Estates added 4 to 222p. Elsewhere, buying ahead of Thursday's half-yearly results lifted *London Shop Property* 3 to 86p, after 87p, and Guildhall Properties responded to small buying in a thin market with a gain of 4 to 132p. Recently dull Percy Bilton improved 4 to 242p, wbile Greencoat hardened a penny to 13½p. Press comment directed attention towards Town and City which picked up ½ to 18p, while Daejan added 2 to 125p, the latter on second thoughts about the recent results.

Secondary oils feature

News of the agreed offer from Deminex for Viking Oil, up 70p at 880p, after 895p, stimulated a strong revival in other secondary Oil shares. Burmah, a particularly good *market* last week oo bid speculation, were quick to respond to Press meotioo and closed 14 higher at 294p. Aran Energy, 422p, and Gas and Oil Acreage, 405p, rose 50 apiece, while Attock put on 28 to 234p and Cluff 20 to 395p. Leading issues tended to be overshadowed, but Shell improved 10 to 392p awaiting the preliminary results, due next week.

The majority of movements were against holders in Trusts, but Atlantic Assets, reflecting its oil interests, firmed 4 to 169p.

Occasional demand was forthcoming for Shippings. Hopes of an increased offer continued to stimulate demand for Furness Withy, 5 higher at 380p, after 382p. Hunting Gibson firmed 4 to 307p and Ocean Transport 2½ to 102½p. *Milford Docks*, however, met furthar selling and gave up 7 more to 135p.

Among irregular Textiles, Hugh Mackay continued dull and *shed 3 for a two-day fall of 5 at* 37p. Blackwood Morton eased a penny more to 16p, but Courtaulds recovered an earlier fall of 2 to close unchanged at 72p. Lister met support and added a couple of peoce to 68p, while speculative demand lifted Sidlaw 5 to 111p, and Sirdar 7 to 106p.

South African industrials turned easier with Greatermans A, 360p, and OK Bazaars, 620p, both falling around 30, while Barlow Rand shed 15 to 435p and South African Breweries gave up 6 at 137p.

Australians lower

Australian mining issues took their cue from overnigbt domestic markets wbere fears of higher interest rates and falling metal prices prompted a furtber heavy shake-out.

Prices were marked down at the outset and fell further as sizeable and persistent selling was reported. A modest rally developed around the early afternoon but this soon petered out.

All sections of the market were badly hit. Among the high-quality issues, Conzinc Riotinto dropped 35 to 285p, MIM Holdings gave up 20 to 260p, EZ Industries a like amount to 355p, Seltrust A 16 to 208p and Western Mining 10 to 230p.

Ashton venturers Northern Mining and Ashton Mining lost ground witb the latter 9 cheaper at 147p and the former 12 off at 124p.

The recent speculative favourites were beavily sold. Leichardt Exploration dropped 100 to 465p, Samantha Exploration 19 to 123p, after 121p, Otter Exploration 10 to 110p, Magnet Metals 6 to 47p and Haoma Gold 5 to 38p.

Activity in South African Golds fell to minimal levels. Prices drifted lower throughout the day in idle trading as the *bullion price lost ground to close* $2 easier at $627.50 an ounce.

The Gold Mines index fell 6.9 to 341.5.

Heavyweights registered losses ranging to ¾ as in *Western Holdings*, £28¾, whils falls of around ¼ were common to Winkelhaak, £13¾, Buffels, £17¾, and East Driefontein, £11½.

South African Financials showed a similar pattern to Golds. General Mining were marked down 40 to 890p in front of the publication of the offer document to Union Corporation *shareholders; Union Corporation* eased 5 to 660p.

London Financials gave ground across the board reflecting the fresh decline in base-metal prices. *Selection Trust* dipped 12 to 746p, Rio Tinto-Zine 8 to 432p and Gold Fields 6 to 514p.

Elsewhere, Silvermines advanced 9 to 137p reflecting the sharp gain in Aran Energy in which the former has a 21.7 per cent holding.

FINANCIAL TIMES STOCK INDICES

—	Feb. 25	Feb. 22	Feb. 21	Feb. 20	Feb. 19	Feb. 18	A year ago
Government Secs.	66.69	66.37	66.84	66.96	65.96	66.80	68.05
Fixed Interest	66.46	66.73	66.80	66.94	66.94	66.76	68.25
Industrial	453.7	454.2	457.6	458.3	461.8	465.0	468.8
Gold Mines	341.5	348.4	341.0	627.1	361.8	347.4	181.0
Ord. Div. Yield	7.31	7.32	7.26	7.25	7.18	7.17	6.05
Earnings, Yld. % (full)	17.98	18.00	17.86	17.82	17.67	17.63	15.80
P/E Ratio (net) (*)	6.21	6.61	6.86	6.87	6.93	6.96	8.20
Total bargains	17,600	25,386	19,122	18,991	18,217	18,918	—
Equity turnover £m	—	127.19	109.21	92.95	88.05	98.38	98.18
Equity bargains total	—	18,205	15,326	14,398	13,994	14,501	17,480

10 am 451.2. 11 am 449.6. Noon 450.8. 1 pm 451.5.
2 pm 451.5. 3 pm 451.5.
Latest Index 01-246 8026.
* Nil=6.55.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1979/80 High	1979/80 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	75.91 (4/5)	63.30 (16/12)	127.4 (9/1/35)	49.12 (3/1/75)
Fixed Int.	77.76 (6/5)	64.06 (15/11)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	558.6 (4/5)	406.3 (15/11)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	360.4 (18/1/80)	129.9 (17/4)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Feb. 25	Feb. 22
—Daily		
Gilt Edged	123.0	107.9
Industrials	111.5	109.5
Speculative	50.6	55.0
Totals	85.7	79.0
5-d'y Av'r'ge		
Gilt Edged	116.5	116.9
Industrials	116.0	114.5
Speculative	63.3	64.0
Totals	81.5	81.7

NEW HIGHS AND LOWS FOR 1979/80

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1979-80.

NEW HIGHS (23)

AMERICANS (1)
Zapata Cpn.
BANKS (1)
Gibbs (A.)
BUILDINGS (2)
May & Hassell Meyer (Mont. L.)
STORES (1)
Polly Peck
ENGINEERING (2)
Chemring [illegible]
FOODS (1)
Chambers & Fargus
INDUSTRIALS (5)
Diploma [illegible]
TEXTILES (1)
Sidlaw Inds.
OIL AND GAS (7)
Aran Energy
Attock
Burmah
Carless Capel
[illegible]
MINES (2)
Silvermines [illegible]

NEW LOWS (28)

AMERICANS (4)
Cont. Illinois
Eaton Gr[illegible]
Gillette
[illegible]
CANADIANS (1)
Imperial Oil
BANKS (2)
Sec. Pacific Corp. Wells Fargo
BUILDINGS (1)
Miller (Stanley)
CHEMICALS (1)
Burrell
STORES (4)
Amber Day
Kitchen Queen
[illegible]
ELECTRICALS (1)
Sony
ENGINEERING (1)
Black & Decker
INDUSTRIALS (4)
Continental Group
Jentique
[illegible]
INSURANCE (1)
Taisho Marine
LEISURE (1)
Boosey & Hawkes
TEXTILES (2)
Blackwood Morton Mackay (Hugh)
TRUSTS (1)
Authority Invs.

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	73	—	18
Corpns. Dom. and Foreign Bonds	12	12	42
Industrials	290	244	888
Financial and Prop.	87	105	244
Oils	21	11	13
Plantations	2	—	14
Mines	15	64	35
Others	25	56	68
Totals	504	591	1,338

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section	Mon., Feb. 25, 1980 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Fri., Feb. 22 Index No.	Thur., Feb. 21 Index No.	Wed., Feb. 20 Index No.	Tues., Feb. 19 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	241.11	+0.2	18.14	6.49	6.96	240.53	242.12	243.21	245.57	231.78
2	Building Materials (27)	235.29	+0.1	16.87	6.67	7.57	235.08	234.84	236.91	238.75	205.62
3	Contracting, Construction (29)	363.66	−0.4	26.07	6.70	4.76	365.20	366.35	368.47	372.75	346.83
4	Electricals (15)	626.74	+1.0	12.87	3.96	10.35	620.25	629.78	629.58	635.90	558.57
5	Engineering Contractors (11)	293.27	−0.7	25.25	8.73	5.04	295.40	295.49	296.80	300.01	355.34
6	Mechanical Engineering (74)	165.62	−0.1	20.74	7.87	5.98	165.79	166.82	167.36	168.63	177.24
8	Metals and Metal Forming (16)	159.64	−0.2	21.32	9.51	5.60	159.92	160.09	162.10	164.51	158.96
11	CONSUMER GOODS (DURABLE) (50)	220.23	+0.7	16.20	5.55	7.60	218.79	220.62	220.58	222.26	213.35
12	Lt. Electronics, Radio, TV (15)	310.34	+0.9	12.40	4.15	10.35	307.46	310.69	318.55	313.59	280.31
13	Household Goods (14)	110.97	−0.3	27.48	9.88	4.35	111.33	113.31	113.55	114.68	159.34
14	Motors and Distributors (21)	111.50	+0.1	23.89	8.36	4.92	111.34	111.41	111.26	111.59	116.36
21	CONSUMER GOODS (NON-DURABLE) (173)	219.02	—	18.48	6.96	6.67	219.12	219.63	219.57	220.89	213.80
22	Breweries (14)	264.37	+0.3	16.90	6.61	6.95	263.64	264.68	261.55	260.44	228.72
23	Wines and Spirits (5)	290.96	+0.6	18.65	6.37	6.62	289.16	290.17	289.29	291.45	306.58
24	Entertainment, Catering (17)	298.49	−2.1	18.70	7.03	6.69	304.80	307.37	302.84	306.96	284.96
25	Food Manufacturing (19)	200.24	−0.5	20.22	7.28	6.12	201.25	202.54	202.43	203.58	201.04
26	Food Retailing (15)	300.75	+0.7	13.81	4.99	8.65	298.52	300.72	301.06	305.39	240.56
32	Newspapers, Publishing (13)	443.26	−2.1	22.77	6.78	5.99	443.73	445.78	447.56	449.18	384.80
33	Packaging and Paper (15)	129.05	−0.2	23.07	8.80	5.58	129.25	129.77	129.50	131.06	136.12
34	Stores (43)	218.05	+0.8	14.11	5.22	9.16	216.37	215.62	216.17	217.50	198.86
35	Textiles (24)	129.79	+0.7	27.76	11.82	4.56	128.89	130.34	132.95	134.65	172.79
36	Tobaccos (3)	204.10	−1.9	28.45	11.53	3.99	208.16	207.18	209.34	208.76	248.83
37	Toys and Games (5)	38.61	−0.1	38.95	13.14	3.16	38.66	39.35	39.62	39.91	91.81
41	OTHER GROUPS (97)	208.13	+0.1	15.29	6.52	7.92	207.87	208.60	209.16	211.02	200.92
42	Chemicals (17)	308.94	+0.3	15.91	6.52	7.26	308.12	309.60	309.57	312.81	298.70
43	Pharmaceutical Products (7)	210.72	+0.4	12.08	6.07	10.09	209.98	211.14	212.15	213.39	245.60
44	Office Equipment (6)	118.57	−0.6	17.83	6.89	6.52	119.30	118.61	118.84	119.17	133.84
45	Shipping (10)	473.11	+0.9	11.19	6.83	11.41	468.67	469.35	473.82	477.30	418.35
46	Miscellaneous (57)	244.46	−0.1	16.51	6.61	7.68	244.79	245.64	246.44	248.95	216.57
49	INDUSTRIAL GROUP (492)	229.17	+0.1	17.45	6.63	7.08	228.89	229.85	230.23	232.82	222.07
51	Oils (8)	817.46	+1.3	13.75	5.84	7.86	806.95	818.14	812.41	809.25	564.73
59	500 SHARE INDEX	275.47	+0.4	16.62	6.45	7.24	274.41	276.15	276.07	277.51	250.10
61	FINANCIAL GROUP (117)	196.62	+1.0	—	5.71	—	194.59	195.48	195.76	199.04	177.49
62	Banks (6)	232.16	+1.1	35.82	5.78	3.56	229.59	225.36	227.47	231.97	216.80
63	Discount Houses (10)	224.12	−0.9	—	8.91	—	226.20	226.94	229.66	237.19	225.71
64	Hire Purchase (5)	183.27	−0.8	18.14	5.19	7.18	184.71	182.53	178.13	178.42	164.73
65	Insurance (Life) (10)	169.72	+0.8	—	6.20	—	168.38	169.04	167.99	171.91	129.25
66	Insurance (Composite) (9)	125.75	+2.1	—	7.73	—	123.20	127.32	126.08	130.22	122.22
67	Insurance Brokers (10)	283.00	+1.3	17.45	6.93	8.23	279.32	279.70	279.00	282.35	303.81
68	Merchant Banks (14)	103.30	−0.5	—	5.86	—	103.80	104.78	105.27	105.83	79.80
69	Property (44)	359.85	+0.7	3.72	3.06	38.50	357.31	359.99	362.03	363.20	305.91
70	Miscellaneous (9)	131.54	+0.9	15.79	6.91	8.31	130.35	131.67	132.83	133.85	115.63
71	Investment Trusts (109)	223.79	−0.9	—	5.76	—	225.79	227.02	230.24	232.10	208.43
81	Mining Finance (4)	213.25	−1.5	10.81	4.15	11.23	216.52	218.97	213.40	221.37	124.89
91	Overseas Traders (20)	403.67	−1.0	12.56	6.67	9.75	407.93	411.91	415.79	423.33	331.89
99	ALL-SHARE INDEX (750)	257.58	+0.3	—	6.22	—	256.73	258.33	258.40	260.63	230.90

FIXED INTEREST PRICE INDICES

	British Government	Mon., Feb. 25	Day's change %	xd adj. today	xd adj. 1980 to date
1	Under 5 years	100.24	+0.23	0.19	2.30
2	5-15 years	103.80	+0.51	—	2.00
3	Over 15 years	107.93	+0.66	0.00	1.99
4	Irredeemables	127.27	+0.56	1.45	1.45
5	All stocks	103.79	+0.46	0.10	2.06

FIXED INTEREST YIELDS
British Govt. Av. Gross Red.

			Mon., Feb. 25	Fri., Feb. 22	Year ago (approx.)
1	Low	5 years	12.93	12.98	10.88
2	Coupons	15 years	12.81	12.89	11.70
3		25 years	12.81	12.89	12.45
4	Medium	5 years	14.81	14.88	12.68
5	Coupons	15 years	14.38	14.46	13.12
6		25 years	14.20	14.31	13.14
7	High	5 years	14.97	15.06	12.97
8	Coupons	15 years	14.72	14.81	13.65
9		25 years	14.65	14.74	13.64
10	Irredeemables		11.57	11.64	11.97

		Mon., Feb. 25 Index No.	Mon., Feb. 25 Yield %	Fri. Feb. 22	Thurs. Feb. 21	Wed. Feb. 20	Tues. Feb. 19	Mon. Feb. 18	Fri. Feb. 15	Thurs. Feb. 14	Year ago (approx)
15	20-yr. Red. Deb & Loans (15)	50.77	†14.57	61.01	61.02	51.04	51.05	51.06	51.10	61.12	61.97
16	Investment Trust Prefs. (15)	48.09	13.98	48.22	48.31	48.56	48.34	48.29	48.90	47.86	49.25
17	Coml. and Indl. Prefs. (20)	61.65	14.53	61.58	61.58	61.61	61.70	61.70	61.71	61.81	68.50

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 25p.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1979-80 high	1979-80 low
Burmah Oil	£1	16	249	+14	249	82
ICI	£1	9	390	+ 2	415	314
Barclays Bank	£1	7	452	+ 7	514	360
Burgess Prods. A	25p	7	54	+10	62	30
Carless Capel	10p	7	105	+ 8	105	28
Furness Withy	£1	7	380	+ 5	400	218
Imp. Cont. Gas	£1	7	740	+ 4	773	358
Meyer (Mon'e L.)	25p	7	112	+ 9	112	71
U.D.T.	25p	7	50	− 1	54	32
Western Mining	$A0.50	7	230	−10	268	121
Beecham	25p	6	123	− 1	189	114
Courtaulds	25p	6	72	—	122	70
Grand Met.	50p	6	128xd	—	178½	110½
RTZ	25p	6	432	− 8	492	226
Shell Transport	25p	6	392	+10	402	278

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Feb. 18	Feb. 29	May 29	Jun. 9
Mar. 3	Mar. 14	Jun. 12	Jun. 23
Mar. 17	Mar. 28	Jun. 26	Jul. 7

For rate indications see end of Share Information Service

Money was given for the call in P and O Deferred, Carpets International, Coral Leisure, De Beers Deferred, BP, Airfix, *Dunlop, Burmah*, Barker and Dobson, Montague L. Meyer, Ashton Mining, Selincourt, R. and J. Pulman, LRC, Tesco, UDT, Carless Capel, Town and City, Bougainville, Charterhall, Ladbroke Warrants and Lee Cooper. A put was done in Dunlop, while doubles were arranged in Heron Motor, UDT, Brooke Bond, *Charterhall* and Burmah.

LONDON TRADED OPTIONS

Option	Ex'rcise price	April Closing offer	April Vol.	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Equity close
BP	375	38	4	—	—	—	—	698p
BP	400	20	2	—	—	—	—	"
BP	420	—	—	66	10	44	—	"
Com. Union	130	21	10	24	—	—	—	137p
Com. Union	140	7	—	12	25	16	—	"
Cons. Gold	420	98	10	130	—	—	—	611p
Cons. Gold	460	60	20	90	—	112	—	"
Cons. Gold	500	30	1	60	—	84	—	"
Cons. Gold	550	14	—	38	—	59	1	"
Courtaulds	80	3	—	6½	—	8	4	71p
GEC	390	17	1	37	—	49	—	675p
Grand Met.	130	7	5	14½	—	20	20	128p
Grand Met.	140	4	11	10½	—	16	—	"
Grand Met.	160	1	—	6	3	—	—	"
ICI	360	66	61	52	—	64	—	388p
ICI	390	21	65	38	—	45	—	"
Land Secs.	300	13	—	24	—	35	8	292p
Shell	380	21	66	40	3	52	1	391p
Shell	400	—	—	—	—	—	—	"
Totals			268		41		28	
		May		August		November		
Imperial Gp.	90	8	—	3½	143	6	—	78p
Racal Elec.	280	16	10	26	—	34	—	214p
RTZ	420	47	5	79	2	93	1	434p
RTZ	460	27	3	67	—	70	—	"
RTZ	500	14	60	38	—	—	—	"
Totals			48		145		1	

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

OFFSHORE & OVERSEAS—contd.

[illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Amer. Gth. Tst.	49.3	52.2	-0.2	1.92
Abbey Capital	36.3	39.1	-0.1	5.45
Abbey General	47.2	50.6	-0.1	5.87
Abbey Gilt & F.I. Ts.	99.1	105.4	-0.1	4.74
Abbey Income	41.5	44.8	-0.2	8.60
Abbey Intl. Bd. Ts.	91.9	96.2	-0.3	5.72
Abbey Inv. Tst. Fnd.	37.9	40.9	-0.3	5.79
Equitas Prog. Trust	70.3	76.0	-0.1	5.72

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

A H R Gilt & Pref.	90.1	94.9xd	----	12.97

Allied Hambro Group (a) (g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds				
Allied 1st.	75.7	81.0xd	----	5.93
Brit. Inds. Fund	69.6	74.5	-0.1	6.06
Growth & Income	41.4	44.3	----	5.69
Elect. & Ind. Dev.	38.4	41.1	----	5.11
Allied Capital	77.9	83.4	+0.2	5.28
Hambro Fund	118.7	127.0	+0.2	5.79
Hambro Acc. Fund	145.1	155.3	+0.3	5.41
Income Funds				
High Yield Fd.	68.5	73.3xd	-0.3	10.70
High Income	71.7	76.5	----	7.72
A. H. Eq. Inc.	41.1	44.0xd	----	7.93
International Funds				
International	28.9	30.9xd	-0.5	3.50
Pacific Fund	46.6	49.9	-0.8	2.48
Secs. Of America	60.7	64.9	-0.2	2.16
Specialist Funds				
Smaller Co.'s Fd.	48.3	51.7	----	4.55
2nd Smlr. Co's Fd.	58.1	62.2	+0.1	4.58
Recovery Sits.	115.5	123.6	+0.2	6.27
Met. Min. & C'dty.	60.8	65.1	-0.4	4.53
Overseas Earnings	59.1	63.2	-0.1	5.38
Exempt Funds				
Far East Exempt	53.2	55.3	-0.5	3.20
Smaller Co. Exempt	75.0	78.7	+0.2	4.96
U.S.A. Exempt	107.2	111.9	-0.5	3.14

Anderson Unit Trust Managers Ltd.
158, Fenchurch St., EC3M 6AA. 623 9231

Anderson U.T.	57.7	62.2	----	5.49

Ansbacher Unit Mgmt. Co. Ltd.
1, Noble St., EC2V 7JA. 01-623 6376

Inc. Monthly Fund	155.0	165.0xd	----	12.40

Arbuthnot Securities Ltd. (a)(e)
37, Queen St., London, EC4R 1BY. 01-236 5281

High Yield	44.2	[illegible]	+0.4	11.21
(Accum. Units)	70.9	[illegible]	+0.6	11.21
Extra Income Fd.	96.9	[illegible]	-0.1	11.04
(Accum. Units)	104.9	[illegible]	-0.1	11.04
High Inc. Fund	36.3	[illegible]	-0.1	11.18
♦(Accum. Units)	56.9	[illegible]	-0.2	11.18
(8½% W'drwl. Uts.)	48.1	[illegible]	-0.2	11.18
Preference Fund	22.1	[illegible]	-0.1	13.73
(Accum. Units)	29.5	[illegible]	-0.1	13.73
Capital Fund†	24.4	[illegible]	-0.3	—
Commodity Fund**	83.0	[illegible]	----	3.12
(Accum. Units)	125.6	[illegible]	----	3.12
(10% W'drwl.U.)	56.5	[illegible]	----	3.12
Fin.&Prop.Fd.*	20.5	[illegible]	----	4.92
Giants Fund	38.0	[illegible]	----	4.18
(Accum. Units)	47.5	[illegible]	-0.1	4.18
Growth Fund	35.7	[illegible]	-0.1	2.26
(Accum. Units)	45.1	[illegible]	-0.1	2.26
Smaller Co's Fd*	29.9	[illegible]	----	4.47
Eastern & Intl. Fd†	30.3	[illegible]	-0.2	1.00
(6% W'drwl.Uts.)	22.1	[illegible]	-0.2	1.00
Foreign Fund**	102.5	[illegible]	----	1.57

Discretionary Unit Fund Managers
22 Blomfield St., EC2M 7AL. 01-638 4485

Disc. Inc. Feb. 22	213.0	227.2	----	5.24

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	17.7	19.6xd	----	7.07
Gt. Winchester O'seas	20.8	23.1xd	----	4.78

Emson & Dudley Tst. Mngmnt. Ltd.
20, Albemarle St., W1. 01-493 3211

Emson Dudley Tst.	76.4	82.2	----	6.00

Equity & Law Un. Tr. M.♥ (a)(b)(e)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	75.9	79.8	-0.3	4.97

Fidelity International Management Ltd.
62-63, Queen St., London, EC4R 2AQ. 01-248 4691

American	26.8	28.3	----	1.00
Fixed Interest	25.2	26.6	----	12.10
Growth + Income	29.3	30.9	----	7.8
Special Sits.	29.4	31.0	+0.3	3.00

James Finlay Unit Trust Magt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l	28.9	31.1	----	2.19
Accum. Units	35.1	37.7	----	2.19
J. Finlay High Income	34.4	37.0	----	9.40
J. Finlay Euro.Fin.	23.4	25.2	----	3.37
Accum. Units	28.9	31.1	----	3.37
J. Finlay Fd.In.Tst.	33.0	35.5	----	5.46
Accum. Units	39.8	42.8	----	5.46

Prices on February 20. Next dealing February 27.

Framlington Unit Mgt. Ltd. (a)
64, London Wall, EC2M 5NQ. 01-628 5181

American	53.0	56.2	-0.6	1.29
American Turnaround	53.4	56.6	+0.2	2.00
Capital Tst.	53.8	57.2	-0.1	4.75
(Accum. Units)	53.8	57.2	-0.2	4.75
Extra Income Trust	48.2	51.2	----	10.20
Income Tst.	37.8	40.2	+0.2	8.28
Int. Growth Fd.	44.6	47.4	-0.2	2.12
(Accum. Units)	47.0	50.0	-0.2	2.12

Friends' Provdt. Unit Tr. Mgrs.♥
Pixham End, Dorking. 0306 5055

Friends Prov. Units	49.2	52.6	----	4.84
Do. Accum.	67.8	72.5	----	4.84

Funds in Court*
Public Trustee, Kingsway, WC2. 01-405 4300

Capital Feb. 14	122.4	122.9	----	4.72
Gross Inc. Feb. 14	77.6	81.4	----	10.81
High Yield Feb. 14	90.5	93.5	----	9.66

*Unauth. Restricted to monies under Court control.

G.T. Unit Managers Ltd.♥
16 Finsbury Circus, EC2M 7DD 01-628 8131

G.T. Cap. Income	121.1	128.8	----	3.10
Do. Acc.	152.2	161.9	----	3.10
G.T. Inc. Fd. Un.	187.7	199.6	----	7.90
G.T. U.S. & Gen.	158.2	168.2	----	2.10
GT Wld. Bd. Fd.	95.5	98.1	----	5.70
G.T. Japan & Gen.	72.2	76.4	----	2.70
♦Gt. Pens. Ex. Fd.	259.1	272.0	----	2.50
G.T. Int'l. Fund	199.1	211.8	----	1.50
G.T. Four Yds. Fd.	52.4	55.7	----	7.80
G.T. Far East & Gen.	55.7	59.8	----	2.40

G. & A. Trust (a) (g)
5 Rayleigh Road, Brentwood. (0277) 227300

G. & A.	37.1	39.6	+0.1	5.25

Gartmore Fund Managers♥ (a)(g)
2 St. Mary Axe, EC3A 8BP 01-623 6114
Dealing only: 01-623 5766/5806

American Trust	29.6	31.8	----	0.78
British Tst. (Acc.)	63.1	67.9	-0.1	4.54
Commodity Share	41.9	45.1	-1.3	2.82
Extra Income Tst.	23.4	25.2	----	9.31
Far East Trust	35.0	37.6	-0.6	2.83
High Income Tst.	55.8	60.1xd	-0.1	10.14
Income Fund	77.5	83.4xd	----	7.06
Ins. Agencies	£15.48	16.49xd	+0.01	4.40
Intl. Exempt Fd.	96.2	104.6	-0.3	6.84
Intl. Tst. (Acc.)	36.5	39.2	-0.2	1.08
Special Sits. Tst.	29.3	30.9	-0.2	2.60

Gibbs (Antony) Unit Tst. Mgs. Ltd. (a)
3 Frederick's Pl., Old Jewry, EC2 01-588 4111

Extra Income	28.3	30.8xd	-0.2	10.10
Income	42.5	46.2	----	9.50
Accumulation	76.2	82.9	----	4.00
Growth	44.4	48.3	----	4.50

INSURANCE PROPERTY BONDS

OFFSHORE & OVERSEAS FUNDS

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

1979-80 High	Low	Stock	Price £	+ or −	Int.	Red.
103¾	96	FFI 13pc 1981	97	......	13.40	16.48
108¼	93½	Do. 14pc '83	94	−¼	14.89	16.00
86½	77½	ICFC 5½pc Deb. '80-82	80xd	+¼	6.88	16.45
85	69	Do. 6¼pc Db. '81-84	73	......	8.79	15.00
99	79½	Do. 10¾pc Uns. Ln. '86	84	−½	12.74	15.10
99	77	Do. 11pc Uns. Ln. '88	84	......	13.36	14.40
101½	80	Do. 11¾pc Uns. Ln. '90	85½	......	14.00	14.90
72½	54½	Do. 7¼pc A Deb. '89-92	58	......	12.93	15.05
69	51½	Do. 7¼pc A Db. '91-94	55xd	+½	13.18	14.90
72	64	Do. 9pc 'A' '91-94	65xd	−½	13.85	15.00
78½	61	Do. 8¾pc Ln. '92-97	62xd	......	14.31	15.00
102	85	Do. 12¾pc Uns. Ln. 1992	86xd	......	14.53	15.00

FOREIGN BONDS & RAILS

1979-80 High	Low	Stock	Price £	+ or −	Div. % Gross	Red. Yield
57	22	Antofagasta Rly.	57	......	—	—
52	37	Do. 5pc Pref.	50	......	—	—
98	98	Chilean Mixed	98	......	—	3.39
65	18	Chinese 4½pc 1898	54	......	—	—
50	21	Do. 5pc 1912	42	......	—	—
28	13	Do. 5pc 1913	21	......	—	—
27	10	Do. 5pc 1925 Boxer	18½	......	—	—
30	400	German Yng. 4½pc	430	......	4½	—
52	35	Greek 7pc Ass.	35xd	......	3½	10.52
51	34	Do 6pc 28 Stab. Ass.	35xd	......	6	10.88
42	32	Do 4pc Mixed Ass.	34	......	4	7.28
54	42	Hung. '24 Ass.	53	......	—	5.33
68	53	Iceland 6½pc '83-88	53	......	—	16.00
90½	78½	Ireland 7½pc '81-83	83¼	−¼	7½	13.98
87½	69	Do 9¾pc '91-96	72½xd	......	9¾	14.01
90	210	Japan 4pc '10 Ass	210	......	—	—
73	62	Do 6pc '83-88	69	......	6	11.50
60	135	Peru Ass. 3pc	155	......	3	2.80
92	575	S.G.I. 6½pc 1980	592	......	6½	7.06
94½	589	Turin 9pc 1991	589	......	9	10.11
DM92	DM90	Turin 6½pc 1984	DM91	......	6½	9.30
97	95	Uruguay 3½pc	96xd	......	3½	3.80

AMERICANS

1979-80 High	Low	Stock	£	+ or −	Div. Gross	C'vr	Yld Gr's
23⅜	11¼	ASA	20¾	−⅜	$3.00	—	6.5
59	30	AMF 5% Conv. '87	30	......	5%	—	9.9
21¾	14⅝	Abbott Labs.	16½xd	......	$1.00	—	2.8
25⅝	17	Amax $1	23½xd	−½	$2.40	—	4.6
23½	12½	American Express	12¾	......	$1.80	—	6.3
19½	10½	American Medical Int.	16⅝	+¼	80c	—	2.2
24⅞	847p	Asarco Inc.	23xd	−⅜	$1.50	—	2.9
30¼	19¾	Baker Intnl. Corp. $1	29¾xd	−½	60c	—	0.9

CANADIANS

1979-80 High	Low	Stock	£	+ or −	Div. Gross	C'vr	Yld Gr's
[illegible]							
26⅞	16½	Hollinger $5	17⅞	+¼	$2.20	—	4.7
17⅝	895p	Hudson's Bay	11⅜	−½	$1.10	—	3.7
53⅞	27½	Hud. B. Oil G. $2½	53½	−⅝	$2.30	—	1.6
20¾	13⅜	Imperial Oil	20¾	+½	$1.40	—	2.6
15⅝	820p	Inco	13	−⅛	60c	—	1.7
740p	475p	Int. Nat. Gas $1	485p	+5	90c	—	7.0
800p	390p	Massey Ferg.	445p	......	—	—	—
202p	103p	Place Gas $1	140p	+5	—	—	—
24¼	10¼	Rio Algom	14⅛	−⅛	$1.50	—	4.0
26⅜	14⅞	Royal Bk. Can. $2	17⅛	−⅛	$2.40	—	5.3
22¹³⁄₁₆	13⅞	Seagram Co. C$1	20¾	−⅛	US$1.10	—	2.4
14½	840p	Tor. Dom. Bk. $1	10⅛	......	$1.36	—	5.1
11⅞	850p	Trans Can. Pipe	985p	−40	$1.16	—	1.2

BANKS AND HIRE PURCHASE

1979-80 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Yld Gr's	P/E
288	183	ANZ $A1	230	−10	Q22c	3.7	4.9	5.6
290	180	Alexanders D. £1	192	−3	16.0	—	11.9	—
*£151	£66½	Algemene Fl.100	£66½	......	Q25%	2.1	8.4	3.7
400	270	Allen Harvey £1	330	......	21.44	—	9.9	—
148	100	Allied Irish	122	−3	h08.09	—	6.4	—
16¾	12	Ansbacher (H.) 5p	15½	−¼	—	—	—	—
220	140	Arbuthnot L. £1	220	......	†10.42	—	9.5	—
435	302½	Bk. Ireland £1	345	−10	Q25.0	—	7.0	—
£195	£138	Do. 10pc Conv.	£154	−4	Q10%	—	6.7	—
14	7	Bk. Leumi $0.1	9	−1	Q16%	—	2.2	—
*157	100	Bk. Leumi (UK) £1	100	−5	8.57	—	13.0	—
*234	134	Bk. N.S.W. $A1	157	−11	Q18c	3.0	5.9	3.7
352	240	Bank Scotland £1	278	−4	†12.25	5.0	6.3	4.2
£25⅞	£17⅞	Bankers N.Y. $10	£18¾	−⅛	Q$3.30	—	7.9	—
514	360	Barclays £1	452	+7	†16.5	6.2	5.2	3.4
286	230	Brown Shipley £1	282	......	13.0	—	6.6	—
375	250	Cater Ryder £1	300	−3	10.88	—	9.0	—
110	59	Clive Dis'nt 20p	64	−1	5.33	—	11.9	—
224	121	Com'l Aus. ($A1)	145	−9	†Q18c	3.0	6.5	5.1
*935	862	Com'zbk DM 10	930	−5	Q26.6%	—	7.5	—
£18½	900	C'hgn. Hdk. Kr100	975	......	Q13%	—	13.6	—
41	20	Corinthian 10p	35	......	†1.05	3.9	4.3	4.4
£24¾	£15	Cred. France F75	£17⅛	......	Q9.87%	—	3.8	—
13	5	Dawes (G. R.)	13	......	—	—	—	—
*£119½	£62½	Deutsche Bank DM50	£66½	−½	Q18.12%	—	5.5	—
90	55	F. C. Finance	60	−3	2.2	4.9	5.2	5.5
17	5¼	First Nat. 10p	16	+½	—	—	—	1.0
4	1½	Do. Wrrts. 75-83	2¼	+¼	—	—	—	—
266	178	Gerrard Natnl.	224	−2	†9.12	—	5.8	—
83	38	Gibbs (A.)	83	+5	2.2	—	3.8	—

BANKS & HP—Continued

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICALS

ENGINEERING MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

FINANCIAL TIMES
PUBLISHED IN LONDON & FRANKFURT
Head Office: The Financial Times Limited, Bracken House, 10 Cannon Street, London EC4P 4BY
Telex: Editorial 8954871. Advertisements: 885033. Telegrams: Finantimo, London.
Telephone: 01-248 8000.
Frankfurt Office: The Financial Times (Europe) Ltd., Frankenallee 68-72, 6000 Frankfurt-am-Main 1.
Telex: Editorial 416052. Commercial 416193. Telephone: Editorial 7598 234. Commercial 7598 1.
INTERNATIONAL AND BRITISH OFFICES

EDITORIAL OFFICES
Amsterdam: P.O. Box 1296, Amsterdam-C. Telex 16527 Tel: 276 796
Birmingham: George House, George Road. Telex 338650 Tel: 021-454 0922
Bonn: Presshaus 11/104 Heussallee 2-10. Telex 8869542 Tel: 210039
Brussels: 39 Rue Ducale. Telex 23283 Tel: 512-9037
Cairo: P.O. Box 2040. Tel: 938510
Dublin: 8 Fitzwilliam Square. Telex 5414 Tel: 785321
Edinburgh: 37 George Street. Telex: 72484 Tel: 031-226 4120
Frankfurt: Frankenallee 71-81 Telex: 416052 Tel: 7598 234
Johannesburg: P.O. Box 2128 Telex 8-6257 Tel: 838-7545
Lisbon: Praca de Alegria 58-10, Lisbon 2. Telex: 12533 Tel: 362 508
Madrid: Espronceda 32, Madrid 3. Tel: 441 6772
Manchester: Queen's House, Queen Street. Telex: 666813 Tel: 061-834 9381
Mexico: Paseo de la Reforma 122-10, Mexico 6DF. Tel: 53513-68
Moscow: Kutuzovsky 14, Apartment 1, Moscow. Telex: 7900 Tel: 243 1635
New York: 75 Rockefeller Plaza, N.Y. 10019. Telex: 66390 Tel: (212) 541 4625
Paris: 56 Rue du Sentier, 75002. Telex: 220044 Tel: 236.57.43
Rome: Via della Mercede 55. Telex: 610032 Tel: 678 3314
Stockholm: c/o Svenska Dagbladet, Raalambsvagen 7. Telex 17603 Tel: 50 60 88
Tehran: P.O. Box 11-1879. Telex 213930 Tel: 682698
Tokyo: 8th Floor, Nihon Keizai Shimbun Building, 1-9-5 Otemachi, Chiyoda-ku. Fax Tel: 241 2920
Washington: 914 National Press Building, Washington D.C. 20045 Telex 440340 Tel: (202) 47 8676

ADVERTISEMENT OFFICES
Birmingham: George House, George Road. Telex 338650 Tel: 021-454 0922
Edinburgh: 37 George Street, Telex: 72484 Tel: 031-226 4139
Leeds: Permanent House, The Headrow. Tel: 0532 454969
Manchester: Queen's House, Queen Street. Telex 666813 Tel: 061-834 9381
Frankfurt: Frankenallee 68-72 Telex: 416193 Tel: 7598 1
New York: 75 Rockefeller Plaza, N.Y. 10019 Telex 238409 Tel: (212) 489 8300
Paris: 36 Rue du Sentier, 75002. Telex 220044 Tel: 236.86.01
Tokyo: Kasahara Building, 1-6-10 Uchikanda, Chiyoda-ku. Telex J27104 Tel: 295 4050

Overseas advertisement representatives in Central and South America, Africa, the Middle East, Asia and the Far East.
For further details, please contact:
Overseas Advertisement Department,
Financial Times, Bracken House, 10 Cannon Street, London EC4P 4BY

SUBSCRIPTIONS
Copies obtainable from newsagents and bookstalls worldwide or on regular subscription from Subscription departments—Financial Times in London, Frankfurt and New York

For Share Index and Business News Summary in London, Birmingham, Liverpool and Manchester, Tel: 246 8026

هدكا من الأصول

INDUSTRIALS—Continued

INSURANCE

INSURANCE—Continued

LEISURE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

FINANCE, LAND—Continued

OIL & GAS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

MINES—Continued

CENTRAL AFRICAN

1979-80 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
450	97	Coronation	360	−5	054c	2.2	8.6
620	132	Falcon Rh.50c	625		0105c	1.7	11.0
48	11	Rhod'n Corp. 16⅔p	40	+2	0.56	6.5	2.0
267	70	Roan Cons. K4	225xr	+11	†00.12	ϕ	3.4
67	26	Wankie Col. Rh.1	58	......	09c	1.5	10.7
57	9	Zam Cpr.SBD0.24	46	......	—	—	—

AUSTRALIAN

1979-80 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
28	18	Acmex 50c	23	......	—	—	—
24	4	ACM 20c	17	......	—	—	—
115	50	Bond Corp	97	......	0375	2.2	2.0
234	100	Bougainville 50 Toea	265	−5	s039½c	ϕ	10.1
265	84	BH South 50c	220	−15	←	—	—
12	11½	Canada Northwest	11½	......	—	—	—
54	8	Carr Boyd 20c	35	−1	—	—	—
£26	340	Central Pacific	£21¼	−½	—	—	—
356	170	Conzinc Riotinto 50c	235	−35	Q15c	ϕ	2.7
36	14	Cultus Pacific N.L.	24	+1	—	—	—
50	2½	Eagle Corp 10c	36	......	—	—	—
26¼	11	Endeavour 20c	22	−½	—	—	—
258	62	G. M. Kalgoorlie 25c	216	−14	†05c	—	0.7
340	148	Hampton Areas 5p	310	+5	3.5	2.8	1.6
75	20	Haoma Gold N.L.	58	−5	—	—	—
72	25	Metals Ex. 50c	58	−5	—	—	—
314	134	M I M Hldgs. 50c	260	−20	♦Q16c	1.8	5.2
35	15	Minefields Expl.	35	......	—	—	—

TINS

COPPER

230	56	Messina R0.50	217	......	010c	ϕ	2.6

MISCELLANEOUS

155	78½	Anglo-Dominion	155	......	—	—	—
97	54	Barymin	97	+2	—	—	—
14½	10	Burma Mines 17½p	14½	......	—	—	—
502	170	Cons. Murch. 10c	450	......	0100c	ϕ	12.7
585	280	Northgate C$1	450	−5	—	—	—
492	226	R.T.Z.	452	−8	†11.5	3.4	3.8
31	12	Robert Mines	25	+1	—	—	—
65	26	Sabina Inds. C$1	45	−1	—	—	—
880	470	Tara Exptn. $1	590	+15	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ⊕ "Tap Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- § Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ϕ Not comparable.
- ϕ Same interim, reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♣ Regional price.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend, cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

"Recent Issues" and "Rights" Page 34

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or −
Albany Inv. 20p	28	......
Bertam	25	......
Bdg'wtr. Est. 50p	355	......
Clover Croft	60	......
Craig & Rose £1	£21¼	......
Dyson (R. A.) A	15	......
File Forge	36	......
Finlay Pkg. 5p	29	......
Graig Ship. £1	£13	......
Higsons Brew	80	......
Holt (Jos) 25p	255	......
I.O.M. Stm. £1	150	......
Pearce (C. H.)	395	......
Peel Mills	37	......
Sheff. Refrshmt	98	......
Sindall (Wm.)	165	......

IRISH

Stock	Price	+ or −
Conv. 9% '80/82	£86⅝	......
Nat. 9¾% 84/89	£72½	......
Fin. 13% 97/02	£87¾	+⅛
Alliance Gas	55	......
Arnott	389	......
Carroll (P. J.)	52	−2
Clondalkin	106	......
Concrete Prods.	93	......
Helton (Hldgs.)	34½xd	+½
Ins. Corp	200	......
Irish Ropes	55	......
Jacob	38	......
T.M.G.	145	......
Unidare	93xd	+2

OPTIONS
3-month Call Rates

Industrials					
A. Brew	8	I.C.I.	32	Utd. Drapery	9
BOC Intl.	6	"Imps"	7	Vickers	14
B.S.R.	5	I.C.L.	45	Woolworths	6½
Babcock	12	Inveresk	5	**Property**	
Barclays Bank	30	Ladbroke	15	Brit. Land	7
Beecham	13	Legal & Gen.	14	Cap. Counties	9
Blue Circle	25	Lex Service	10	Land Secs.	25
Boots	17	Lloyds Bank	24	MEPC	17
Bowaters	16	"Lofs"	3½	Peachey	13
B.A.T.	25	London Brick	6	Samuel Props.	12
Brown (J.)	7	Lucas Inds.	20	Town & City	2
Burton 'A'	22	"Mams"	14	**Oils**	
Cadburys	5½	Mrks. & Spncr	9	Brit. Petroleum	32
Courtaulds	8	Midland Bank	30	Burmah Oil	20
Debenhams	8	N.E.I.	5	Charterhall	12
Distillers	21	Nat. West. Bank	32	KCA	11
Dunlop	5½	P & O Dfd.	9	Premier	12
Eagle Star	14	Plessey	16	Shell	35
F.N.F.C.	2½	Racal Elect.	28	Tricentrol	35
Gen. Accident	22	R H M	4½	Ultramar	50
Gen. Electric	30	Rank Org.	18	**Mines**	
Glaxo	43	Reed Intnl.	17	Charter Cons.	18
Grand Met.	12	Sears	5½	Cons. Gold	52
G.U.S. 'A'	30	Tesco	7	Lonrho	12
Guardian	25	Thorn	25	Rio T. Zinc	35
G.K.N.	22	Trust Houses	14		
Hawker Sidd	16	Tube Invest.	27		
House of Fraser	12	Unilever	40		
		U.D.T.	4		

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Tuesday February 26 1980

Kabul: Russia accuses West

BY OUR FOREIGN STAFF

THE SOVIET UNION yesterday reaffirmed its determination to use troops to defend the Afghan regime from what it now suggests is a major challenge by the West.

Tass, the Soviet news agency, said the Moscow-backed government in Kabul was threatened with "outright terror and violence." A despatch from the beleaguered city said the "most reactionary forces of the world" had teamed np in attacking Afghanistan.

Western reports said the capital remained tense and unsettled yesterday, altbough quieter as public protests against the two-month-old Soviet military intervention in the country moved into their fifth day.

The state-owned Radio Kabul reported continuing disturbances in the city. Shooting was heard in the morning, shops remained closed and few civil servants reported for work. Tanks guarded government buildings, while troops and armed civilians patrolled the streets.

In a despatch yesterday from Kabul, Associated Press said 300 civilians had died in six hours of bloody street-fighting there last Friday. With the proclamation of martial law that day, ultimate government authority was said to have passed into the hands of a Soviet army general whose name has not been announced. Mr. Babrak Karmal, the Soviet-backed Afghan leader installed last Christmas, has not been seen in public for three weeks.

The Tass report followed last week's pledge by Mr. Brezhnev, the Soviet President, that the Soviet Union would withdraw its troops from Afghanistan only after "outside interference" there had ended.

In an unusually frank admission the report indicated that a large part of the Afghan population did not support the Government of Mr. Karmal.

Outside the country, Moslem rebel organisations reported fighting from Afghanistan's eastern provinces, notably Paktia on the Pakistan border. One group put Afghan army losses in the area at 400 and guerrilla deaths at 150 to 200.

East Germany has begun an airlift of Afghan government soldiers wounded in the fighting against Moslem rebels to East Germany, where they are being given emergency medical treatment. The first group required arm or leg amputations, according to the East German government news agency.

The European NATO allies are stepping np their consultations over Afghanistan and appear to he drawing other pro-Western countries into the talks.

Sr. Adolfo Suarez, the Spanish Prime Minister, and Sr. Marcelino Oreja, Foreign Minister, discussed Afghanistan yesterday in Bonn with Chancellor Schmidt. Earlier the Chancellor talked with Mrs. Thatcher, in a surprise visit to London.

Sig. Attilio Ruffini, the Italian Foreign Minister, met Dr. Hans-Dietrich Genscher, West German Foreign Minister. Lord Carrington, Foreign Secretary, is due in Bonn today on a similar mission.

Philip Rawstorne writes: In his talks with Mrs. Thatcher, Herr Schmidt also discussed the EEC hudget and Britain's demands far a substantial cut in its contribution. The talks were reported to have been frank and friendly but to have resulted in no policy conclusions.

Nuclear proliferation move

BY DAVID FISHLOCK, SCIENCE EDITOR

THE U.S. Government has moved closer to other nuclear nations, including Britain, France and Japan, on the means to tighten control over proliferation of nuclear weapons.

This waa disclosed in a statement by U.S. Ambassador Gerard Smith at the final plenary meeting of the International Nuclear Fuel Cycle Evaluation (INFCE) in Vienna yesterday.

INFCE, in which 46 nations and five international bodies interested in civil nuclear power have participated for more than two years, was convened on the initiative of President Jimmy Carter.

Ambassador Smith told the conference his Government now acknowledged that proliferation was basically a political problem, and that there were risks of proliferation in every method of winning energy from nuclear fuel.

He said there was "no question that over the long term the fast breeder reactor can extend uranium resources in a dramatic way." The U.S. itself was investing beavily in the technology.

The U.S. was "prepared to work co-operatively for an effective plutonium storage regime," to safeguard plutonium separated by reprocessing spent nuclear fuel.

Bnt be gave no sign that the U.S. Government was prepared to lift its ban on commercial reprocessing of spent fuel, or on development of a commercial fast reactor.

Ambassador Smith said that fast breeder reactors—which must be big if they are to work efficiently as uranium-conserving machines—were unlikely to be economically attractive to nations with modest nuclear power programmes.

INFCE bas agreed that the answer to proliferation lies in a political solntion, in the form of new institutions — such as storage of plutonium under international safeguards.

Britain, both generally and in its specific efforts on plutonium storage, is in full accord with this view. The British Government's view is that the outcome broadly endorses its present policies.

Britain, like France, bas concentrated on development of the commercial fast reactor in the belief that this was tha most efficient as well as the most secure way of managing the plutonium accumulating as a by-product of current reactors.

Bnt INFCE recognises an nrgent need for stronger guarantees of technology, fuels, and aervices for customer nations, and the general dissatisfaction with existing bi-lateral supply treaties.

Yngoslavia yesterday nrged that UN conference on peaceful uses of nuclear energy scheduled for 1983 ahould be set as the target-date for new institutions guaranteeing tecbnology transfer and fuel supplies, as well as safeguards against proliferation.

Editorial Comment, Page 22

Government aid for Channel tunnel unlikely

BY LYNTON McLAIN

THE GOVERNMENT is almost certain to refuse backing for British Rail's revived plans for a cbannel tunnel. The decision is likely to be announced in the next session of Parliament after an interim statement to the Commons next month.

Ministers bave been told that the project is unlikely to acbieve the 15 per cent return on capital forecast by British Rail and French Rail in their nriginal proposals, whicb the two railways undertakings estimate would cost £650m. The Government now believes this is widely optimistic, after considering the findings of Sir Alec Cairncross, the special adviser appointed by Mr. Norman Fowler, the Transport Minister.

The subject bas already been informally considered by the Cabinet. Mr. Fowler bas no set view about the tunnel, other than that it should not be supported by public funds.

Up to 20 per ceot of the capital cost of the tunnel could come from a European Commission fund envisaged under a 20-year transport infrastructure plan, costing up to £21bn, now being considered in Brusels.

None the less, the Government fear is that it might be expected to foot the whole UK sbare—50 per cent—of the project. Private sector funding is seen as unlikely to materialise because of growing uncertainties about the rate of return on capital.

At the same time, ministers have been told that Channel traffic growth in 1980s and 1990s is likely to be lower than originally forecast. On top of this, the £650m estimate is regarded as to low, given the need for station improvements and extra customs facilities.

However, the Government, although pessimistic about prospects for the British Rail scheme in the present economic climate, bas not ruled out any of the competing schemes.

The BR scheme is the only one to bave been submitted for evaluation by Transport Department officials so far. The Government does not, at present, intend to ask for submissions by other groups, although these are expected to submit their schemes voluntarily soon. Proposals from private consortia include multilane bridges, sunken tube tunnels and links with artificial islands.

Giles Merritt adds from Brussels: European Commission officials in Brussels were last night making plain their concern at the possibility that Britisb Government policies would lead to the Channel Tunnel project being dropped.

Brussels has committed itself politically to paying 20 per cent of the cost of the projected BR-SNCF link. More important still, the project has now become a crucial element in the Commission's attempts to push through tha transport infrastructure plan.

Weather

UK TODAY

BRIGHT intervals in south. Dull in nnrth. Showers.

London, S. England, Midlands, E. Anglia, S. Wales, Channel Isles

Fog and showers, bright intervals. Near normal. Max. 8C (46F).

N. and E. England, N. Wales

Dull. rain. Rather cold. Max. 6C (43F).

Borders, S. Scotland, Highlands, N. Ireland

Dull, probably dry. Rather cold. Max. 6C (43F).

N. Scotland, Orkney, Shetland

Bright intervals, some rain. Mild. Max. 8C (46F).

Outlook: Mostly dry. Cold weather likely to spread south.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	14	57	L. Plms.	F	19	66
Algiers	C	13	55	Lisbon	S	13	55
Amsdm.	C	6	43	Locarno	S	10	50
Athens	C	6	43	London	F	8	46
Bahrain	C	19	66	Luxmbg.	C	7	45
Barclna.	C	14	57	Madrid	C	9	48
Beirut	C	13	55	Majorca	R	16	61
Belfast	C	4	39	Malaga	F	18	64
Belgrd.	C	2	36	Malta	C	12	54
Berlin	S	2	36	Mchstr	Sn	−2	28
Biarritz	R	7	45	Melbne.	S	18	64
Bmghm.	R	5	41	Milan	S	9	48
Blackp'l	R	7	45	M'ntreal	S	−1	30
Brdx.	C	7	45	Munich	S	7	45
Boulgn.	C	3	37	Nairobi	S	24	76
Bristol	C	5	41	Naples	S	12	54
Brussels	C	6	43	Nwcstl.	C	4	39
Budpst.	Fg	−2	28	N. York	S	5	40
B. Aires	S	26	80	Nice	S	12	54
Cairo	S	16	62	Nicosia	C	14	57
Cardiff	C	8	43	Oporto	S	12	54
Cas'b'ca	C	16	61	Oslo	S	−7	19
Cape T.	S	23	73	Paris	C	4	39
Chicago	C	−3	26	Perth	S	27	81
Cologne	F	10	50	Prague	S	5	41
Cphgn.	C	0	32	Reykjvk.	C	3	37
Corfu	S	11	52	Rhodes	C	11	52
Dublin	C	7	45	Rio J'o	S	30	86
Dbrvnk.	S	12	54	Rome	S	14	57
Ednbgh.	C	4	39	Salzb'rg	S	9	48
Faro	S	16	61	Singapr.	C	29	85
Florence	S	15	59	Stckhm.	Fg	−4	25
Frankft.	S	7	45	Sydney	C	24	75
Funchal	C	17	63	Tangier	S	16	61
Geneva	C	7	45	Tehran	Sn	−1	30
Gibrltr.	F	17	63	Tel Aviv	C	13	55
Glasgow	C	5	41	Tenerife	C	13	55
G'nsey	R	4	39	Tokyo	C	11	52
Helsinki	C	−5	23	Toronto	C	−3	26
H. Kong	C	15	60	Tunis	R	12	54
Innsbrk.	S	11	52	Venice	S	11	52
Invrnss.	F	6	43	Vienna	S	4	39
I. o Man	C	8	46	Warsaw	C	−4	25
Jersey	R	4	39	Zurich	C	3	37
Jo'burg	S	25	77				

C—Cloudy F—Fair Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

NEB considers Hambros offer

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

THE National Enterprise Board agreed last night to consider the £19.5m cash offer for its subsidiary Fairey Holdings which Hambros Bank made last Thursday. The NEB said it would also consider other proposals, including possible offers from the City and industry.

To help assess the Hambros offer, the NEB has instructed accountants Peat, Marwick, Mitchell to complete the audit of Fairey's results to December 31 1979, and to prepare a profit and cash-flow forecast as soon as possible. Peat, Marwick, Mitchell has alsn bean asked to produce an investigative report on Fairey. Work on this is to begin immediately.

The NEB clearly hopes to have the infnrmatinn in time to give a reply tn Hambros by the end of the 28-day period which the bank specified wben making its offer.

Press reports over the weekend indicated the NEB was surprised by the offer. Although the board was aware that Mr. Angus Murray, Fairey's chairman, had been having discussions in the City with a view to putting together a consortium of institutiona, the sudden inclusion of Hambros and the casb offer were quite unexpected.

In its statement, the NEB said that, in considering the offer, it "will bave regard to its statutory obligations whicb include the requirement to seek the consent of the Secretary of State for Industry for any disposal of its shareholding. The Government bas made it plain in its policy statements that it expects the NEB to have regard to the interests of the taxpayer and the company involved" in any such disposal.

Fairey has said it will co-operate fully in the accountants' investigation. The Fairey Board is understood not to have been asked for an opinion on the Hambros offer.

The offer was discussed briefly at the NEB'a monthly Board meeting last Friday, but more detailed talks will have to await the next meeting.

The NEB paid £18m for Fairey in January, 1978, but it is understood it puts the current value of its interest in Fairey at £22.5m, including dividend payments which Fairey has not so far been asked to make.

The NEB's controversial asset, Page 8

Continued from Page 1

Steel 'ballot about ballot'

Round Oak, Mr. Leahy said, pickets could be placed on the gates of the plant's customers. The Transport and General Workers' Union had promised co-operation to prevent the movement of any finished products.

BSC's proposal for a ballot conducted by the Electoral Reform Society was put forward by BSC executives yesterday wben they met the TUC Steel Committee at BSC headquarters.

Mr. Scholey said that BSC "would have to think very seriously" before deciding to go directly to the workforce over the heads of union leaders if the plan did not have union agreement.

He felt that BSC as an employer was perfectly entitled to hnld the first ballot among its work force. If that ballot indicated a wish by the work force to vote on the pay offer, he felt it would then be np to the TUC to organise a second secret ballot among them.

BSC hopes to bave the results of the first ballot by the end of next week. Voting forms will be sent to 160,000 employees.

Senior managers and middle managers will not be included. Each BSC employee will receive at his bome address a ballot form—the wording has not yet been finally decided

Senior managers in BSC claim that the idea of two ballots is their own, and has not been put forward as the result of Government pressure.

BSC is still keen to activata the major part of the 52,000 jobs reduction programme within a matter of weeks of the end of the strike.

Mr. Scholey told the TUC Steel Committee that the unions' proposals for a two-year pause were "unrealistic" in view of the poor prospects in tha international steel market. He will give the Steel Committee a new timetable this week.

Sir Keith Joseph, the Industry Secretary, warned yesterday that any decision to defer the proposed redundancies conld lead to even greater job losses.

After meeting a Wales TUC delegation be said be had explained to them that any attempt to dafer "wbat was aeen to be necessary" would only make matters worse.

But the unions rejected this argument and continue to bope that they may make some progress in convincing the Government of the need for more time is unrealistic.

Jenkin to explain sacking of rebels

BY ROBIN PAULEY

MR. PATRICK JENKIN, the Social Services Secretary, will today make a statement to the Commons on yesterday's High Court ruling that he was wrong to strip a South London area health authority of its powers for refusing to make spending cuts.

South London MPs and the Opposition front bench yesterday demanded that Mr. Jenkin explain his "illegal" action.

Mr. Bob Mellish, Labour MP for Bermondsey, said Mr. Jenkin's decision to aack Lambeth, Southwark and Lewisham Area Health Authority was wrong and had caused damage. The commissioners appointed in place of the sacked rebela had closed St. Olaves Hospital.

Giving judgment in favour of Lambeth, Southwark and Lewisham Borough Councils, which had asked for Mr. Jenkin's order to be set aside, Mr. Justice Woolf said Mr. Jenkin was "acting on seriously misleading advice" wben be put commissioners in to run the bealth authority for an unspecified time "which in law be has no power to do."

Costs, estimated at between £10,000 and £15,000 were awarded to the three London boroughs.

Mr. Jenkin appointed the commissioners last August after the authority refused to make the spending cnts of £3.5m he ordered to eliminate overspending.

The commissioners are to continue in authority for the time being pending a possible appeal. The Department of Health and Social Security said last night that no decision on whether to appeal would be made till the judgment had been carefully considered.

In bis judgment, Mr. Justice Woolf said the Social Services Secretary, had decided that the autbority's refusal to make the spending cuts constituted an emergency. He had stripped the 33 members of the authority of their powers and appointed commissioners.

Bnt be failed to give proper consideration to tha primary remedy. Under the National Health Service Act 1977, be should bave issued directions to the authority.

If members of the authority did not then comply, they could bave been declared in default and been replaced. Mr. Jenkin bad missed out this stage.

In addition, he was wrongly advised and wrong to think be was empowered to make an emergency order of unspecified dnration which could be revoked when be thought the time was right.

"This section of the Act was intended to give the Secretary of State an additional reserve power to take steps over a period, limited in time, to deal with a particular crisis.

"It was not intended to be used to take over all the functions of the authority for an unlimited period so as to control financial affairs in the area," the judge said.

He said it would be in the public interest for the appointed commissioners to remain in authority, pending a possible appeal.

He refused an application by Mr. Louis Blom-Cooper QC, on behalf of the local anthorities, that March 31, the financial year end, should be fixed as the date for the authority members to resume office with full power.

Continued from Page 1

Yen

by a 1 per cent rise in the Bank of Japan's discount rate.

There have been suggestions on the Tokyo market, however, that bte U.S. rate could go np sonn hy another ½ per cent. Japan would be in nn position to adjust ita own rate again if this was done as such a step would disrupt discussions on the 1980 budget

If the rate dips below Y250 ln the next few days, the Ministry of Finance may recall the $7bn worth of foreign currency it is believed to have deposited with Japanese commercial banks to increase the resources available for intervention.

Another possible move would be to activate the swap agreement reached in October 1978 with the U.S. Federal Reserve. Under this, the Bank of Japan could borrow up to $5bn to be used for the defence of the yen.

Tha withdrawal of Finance Ministry deposits from the commercial banks bas tbe disadvantage that the banks might be forced to compensate by raising additional funda on the Eurodollar market, thereby forcing up Eurodollar rates. This, In turn, could lead to an increase in the U.S. Federal Reserve's discount rates, which would constitute additional pressura on the yan.

THE LEX COLUMN

General Mining's tight terms

General Mining's formal offer for the 48.3 per cent of Union Corporation which it does not already own does not make very inspiring reading. The document shows that this all-share transaction would leave Unicorp shareholders nearly 15 per cent better off in terms of earnings and dividends per share, and give them a 4 per cent gain in terms of assets per share. But these calculations are based on 1979 figures, when the price of gold averaged not much more than half the level achieved between October and February.

Genmin claims that gold would have to go to $750-$800 an ounce before Unicorp shareholders actually started to lose out through this deal. It also suggests that the effect of offering a lot mora shares would be to penalise its existing shareholders. The number of Genmin shares in issue stands to rise from 42m to over 78m as a result of this deal and a rights issue, which will not be open to the Unicorp minority.

Unicorp has a strong balance sheet in its own right, and although its financial flexibility would be improved as a wholly owned subsidiary of Genmin, it seems capable of financing its development requirements independently. Moreover it represents a much purer investment in precious metals than Genmin. Last year gold, uranium and platinum provided 45 per cent of the net iocome attributable to a Unicorp shareholder — 10 points higher than would bave been the case had Genmin's proposals then been implemented. Unisel, one of Unicorp's latest gold developments, starts paying dividends very soon, and the Beisa gold and uranium mine will be in production next year.

Of course Genmin also has some big developments under way, notably in coal, and if it can persuade Unicorp shareholders to regard its offer as a merger rather than a takeover its terms will probably look acceptable. Bnt minorities can be awkward, as S. Pearson found when it tried to buy out the outstanding shares in Pearson Longman in 1978. Genmin cannot vote its own Unicorp shares in support of its proposals, and needs three-quarters of the votes cast in its favour. With about a quarter of the independent Unicorp shares held outside South Africa, this affair is not cut and dried.

Local authorities

It is a highly expensive period in the financial markets for local authorities, now in the middle of what is seasonally their peak borrowing quarter. For some time already indebtedness has been shooting up sharply: last week's figures indicated a local authority borrowing requirement of £2.35bn for calendar 1979 against only just over £1bn the year before. Town hall treasurers have been forced into the short term markets — around £1.5bn of the 1979 requirement was financed through temporary debt.

At current levels fixed rate longer-term borrowing is regarded as far too dangerous a choice, given the widespread hope that interest rates will fairly soon begin to ease. Thus borrowing from the Public Works Loan Board has fallen to a trickle — only just over £100m in the second half of 1979 — and there has been no fixed rate stock issue since Southwark's at 12½ per cent nearly 18 months ago. Meantime the cushion of older fixed rate debt is disappearing (around £180m matured last year).

Moreover the option of variable rate term loans from the banks no longer looks at all soft. With the banking system bursting through the corset, the *local authorities are having to* compete for rationed credit against commercial customers. So spreads over LIBOR are moving up through 1½ per cent, pushing up the cost of rollovers to the region of 19 per cent.

Fortunately, most local authorities appear to have a reasonable safety margin in relation to the statutory ceiling for under one-year debt, which must not rise to more than 20 per cent of the total. The average for short term debt is probably only about 15 per cent (though some individual authorities will clearly be sailing much closer to the wind than this).

At the longer end, however, high money rates are playing havoc with the official scheme to lengthen borrowing books through the application of the voluntary code. Some time ago the plan to raise the average life of the longer term portion in 1979-80 from five to six years was abandoned, and there must be serious doubts about whether the higher target can be adopted for the next financial year either.

Index fell 0.5 to 453.7

Deminex/Viking

Tha takeover terms agreed between Deminex and Viking Oil emount to a satisfactory way of limiting risk for both sides. Viking abareholders are being offered £3 cash per share, and a royalty unit, which gives them an interest in the sales of any oil—over and above a minimum to allow Deminex to recover exploration costs—produced on Viking's acreage. Yesterday the Viking share price rose 70p to 880p, valuing the royalty unit at 580p.

Viking shareholders are thus relieved of the need to provide finance for exploration; the company raised money through a rights issue last year, bnt another would soon bave become inevitable. Equally, they are able to extract some cash from their investment (which has paid no dividends yet) while retaining an interest in a speculative oil vehicle. The return they receive on the royalty unit is calculated on a sliding scale, which makes their investment more highly geared to the eventual volume of production.

Deminex, for its part, is not paying too high a price initially for what remains a very speculative investment. In December, Wood Mackenzie suggested that Viking's asset value per share was somewhere between 390p and £28.90 depending on the extent to whicb tbe Brae and Tiffeny fields spill over into block 16/12, a stake in which is Viking's principal asset, and on whether there is another zone similar to the "T" block fields somewhere else in the block. The consortium, of which Viking is a member has only sunk one appraisal well so far in 16/12.

The excitement over this bid adds spice to the market debut (on Thursday) of Berkeley Exploration, which, like Viking, will be quoted under Rule 163 (3). An offer for sale valuing Berkeley at £4½m was 40 times oversubscribed, even though its most promising acreage, the gas-bearing block 16/26, cannot claim seepage from fashionable Tiffany.

Registered at the Post Office. Printed by St. Clement's Press for and published by the Financial Times Ltd., Bracken House, Cannon Street, London, EC4P 4BY.